

**Grand Blanc Community Schools**  
**Grand Blanc, Michigan**



**A Tradition of Excellence - Our Plan for the Future**

**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2004**

**GRAND BLANC COMMUNITY SCHOOLS**  
**11920 South Saginaw**  
**Grand Blanc, Michigan 48439**



**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2004**

**Prepared by:**

**Dana J. Vigus, CPA**  
**Business Manager**

GRAND BLANC COMMUNITY SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2004

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# INTRODUCTORY

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# GRAND BLANC COMMUNITY SCHOOLS

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11920 South Saginaw, Grand Blanc, MI 48439  
Phone: (810) 591-6000 Fax: (810) 591-6018

August 20, 2004

Board of Education  
Grand Blanc Community Schools  
11920 South Saginaw Street  
Grand Blanc, Michigan 48439

Dear Board Members:

This is the Comprehensive Annual Financial Report of the Grand Blanc Community Schools for the fiscal year ended June 30, 2004. The district's management is responsible for the accuracy, completeness, and fair presentation of the financial information and related disclosures. We believe that the information presented in this report fairly states the financial position and results of operations of the district. The financial information and related disclosures are intended to enable the reader to gain an understanding of the district's financial position at June 30, 2004.

## Report Organization

This report is organized into four sections. The Introductory Section presents the organizational chart for the district as well as the Certificate of Excellence in Financial Reporting (CAFR) award received for the fiscal year ended June 30, 2003. The Association of School Business Officials (ASBO) International awards the CAFR certificate to districts that meet or exceed the reporting principles and standards set by ASBO.

The Financial Section contains the auditor's opinion letter and the Management's Discussion and Analysis report. The Management Discussion and Analysis report provides a more detailed analysis of the financial condition of the District. The District's basic financial statements, fund financial statements and required supplemental information are also contained in this section. The district received an unqualified audit opinion on its financial statements for the year ended June 30, 2004. There were no scope limitations.

The Single Audit section presents the auditor's compliance reports regarding Federal revenue as well as the Schedule of Expenditures of Federal Awards.

The Statistical Section presents selected financial and demographic information on a multi-year basis when appropriate.

## District Background

Grand Blanc Community Schools provides public education to students in Kindergarten through twelfth grades. Additional services include programs for children ages 0-3 years, Early Start and Head Start programs for three and four year old children, and community education classes for adult enrichment. The District also provides Parks and Recreation programs for community members in collaboration with Grand Blanc Township and the City of Grand Blanc.

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### *Board of Education*

<i>Russell Kirksey, President</i>	<i>Lillian G. Mason, Trustee</i>
<i>Jane L. Brewer, Vice President</i>	<i>Debra C. Hancock, Trustee</i>
<i>Susan R. Edwards, Secretary</i>	<i>Larry Polzin, Trustee</i>
<i>Michael E. Blondell, Treasurer</i>	

### *Administration*

*Gary P. Lipe, Ph.D., Superintendent*  
*John G. Johnson, Assistant Superintendent*  
*James P. Adams II, Director of Operations*  
*Dana J. Vigus, Business Manager*  
*Diane L. Wilbur, Personnel Director*

### Competitive Environment

There are two charter schools currently located within the district: Woodland Park Academy and Grand Blanc Academy. Woodland Park Academy provides educational services to approximately 463 students in the Kindergarten through eighth grades. Most of these students reside outside the Grand Blanc Community Schools district. Woodland Park Academy is chartered and controlled by Central Michigan University. Grand Blanc Academy is a charter school managed by Mosaica and provides educational services to approximately 320 students in Kindergarten through the eighth grades. Neither charter school is directed or controlled by the Grand Blanc Community Schools Board of Education.

Private schools located within the district include Holy Family Catholic School. Holy Family provides educational services to approximately 650 students in grades Kindergarten through eighth, 98% of whom are residents of the district. Holy Family is not directed or controlled by the Grand Blanc Community Schools Board of Education.

### Strategic Plan

All activities of the Grand Blanc Community Schools are guided by a strategic plan that has been refined through annual review since its inception in 1989. Through this process, the Board of Education provides a rich, comprehensive general education program for students. Additionally, quality programs are provided in Special, Compensatory, and Vocational Education as well as enrichment opportunities for academically gifted students. These programs contributed to student success demonstrated by the following sample of district-wide achievements:

- Student scores on the Michigan Educational Assessment Program (MEAP) at all grade levels continue to be among the best in Michigan, and Grand Blanc High School's average MEAP scores continue to rank in the top 1% of all high schools in the state
- Every graduate in the Class of 2003 passed the MEAP Reading, Science, Writing and Mathematics tests. Grand Blanc High School is one of the few schools in Michigan that requires its graduates to meet this standard
- \$867,500 in MEAP scholarship money was earned by the class of 2003; the second highest amount earned among all Michigan high schools
- Students, support staff, faculty, and administrators earned many honors and awards including athletic awards, the Governor's Cup for MEAP performance, and the State of Michigan's Golden Apple Award for MEAP performance.

### Academic Achievement

The district has committed to the use of the national Baldrige criteria for performance excellence. These standards are more comprehensive than the North Central Accreditation and meet or exceed those standards.

The academic achievement of students within the district is formally measured by the results of the Michigan Educational Assessment Program (MEAP) and the American College Test (ACT). The MEAP provides a comparison of Grand Blanc students with a state-established standard in reading, writing, mathematics, science and social studies. The ACT provides a comparison of college-bound high school students from across the nation.



Federal legislation requires that each State have a single school accountability system that addresses all public schools. This accountability system must include Adequate Yearly Progress (AYP) in conformity with the specific federal requirements. Michigan's school accountability system (Education Yes!) seeks to provide feedback to schools and parents on how they are faring based on high standards for all students. Each school building is given a Composite Grade based on 1) *achievement status* to measure how well a school is educating its students; 2) *achievement change* to measure whether student achievement is improving or declining, and 3) *achievement growth* to measure whether students are demonstrating at least one year of academic growth for each year of instruction (AYP). The Composite Grade is the overall grade for the school, arrived at by combining results over 2 years. Many schools will not receive a letter grade under Education Yes! due to insufficient data for the calculations. In our district, insufficient data is the result of too few students in a rating category or less than two or three years of data for a new building. All other buildings earned an "A" Composite Grade and met AYP as illustrated below:

<u>Building</u>	<u>Composite Grade</u>	<u>AYP Status</u>
Anderson Elementary (K-2)	No Grade	Met AYP
Cook Elementary (K-2)	A	Met AYP
Indian Hill Elementary (K-5)	A	Met AYP
Mason Elementary (3-5)	No Grade	(1 <sup>st</sup> Year)
McGrath Elementary (3-5)	A	Met AYP
Myers Elementary (K-5)	A	Met AYP
Perry Kindergarten	No Grade	Too few
Perry City School	A	Met AYP
Reid Elementary (K-5)	A	Met AYP
Middle School (6-8)	A	Met AYP
High School (9-12)	A	Met AYP

The State of Michigan also contracted with Standard & Poor's to conduct an analysis of Michigan school districts based on school district data for the years 1997-1999 and forward. The most recent report was issued in 2003 for the 2001-02 school year and highlights key analytical findings using statewide averages as the comparative benchmark. Grand Blanc Community Schools scored "well above average" in the MEAP passing rate and "moderately below average" in the dropout rate. As part of their analysis, Standard & Poor's derives a Performance Cost Index (PCI) to reflect educational "return on resources" which reflects the average amount of money spent per unit of measured achievement. Statewide, only 0.9% of Michigan school districts have a more favorable CPI than Grand Blanc Community Schools.

The complete Standard & Poor's evaluation report and the Michigan School Report Cards can be located through the Michigan Department of Education website at [www.michigan.gov/mde](http://www.michigan.gov/mde).

### Economic Environment

Michigan voters approved the state constitutional amendment known as Proposal A in the spring of 1994. Funding of district operations shifted dramatically from local property tax revenue to State Aid as a result of this amendment. This is illustrated in the ten-year history of the General Fund revenues that appear in the Statistical Section of this report. Voter approval of the district's Sinking Fund in 1999 and the 2001 and 2004 bond issues provide additional funding for essential capital projects.

The automobile industry continues to significantly influence the economy in Grand Blanc. However, commercial and residential real estate developments continue to grow within the

district fueled by growth from northern Oakland County and southern Genesee County. This continued growth ensures the stability of the district debt levies as well as the Capital Projects-Building and Site levy.

To service the continued enrollment growth, the district is in the process of constructing two new middle school buildings, as well as a transportation building and additions and renovations to other district facilities. For these capital projects, the voters of the community approved a \$94,000,000 qualified bond issue in March 2004. The new construction is expected to be complete in the fall of 2006. The district's current bond rating by Moody's Investor Service is Aaa.

#### Accounting Environment

Internal controls are administered under the direction of the Board of Education and the Superintendent. In addition to budgetary controls for expenditures, receipting processes and other areas of financial management are reviewed on a continuing basis. The district believes its internal controls are adequate and can be relied upon to reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

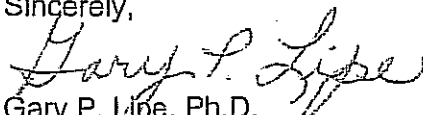
The district uses the combination of a centralized and site-based budgeting process. This system of budgetary controls is designed to effectively allocate resources to maximize student benefit. All budgeted expenditures focus on the educational goals, building-level school improvement plans and the overall strategic plans of the district. It is district policy to preserve an unrestricted fund balance of 5%, based on total funds available to appropriate. This policy has allowed the district to continually improve quality educational services to the students of the district.

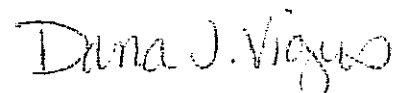
The district's cash management policy and procedure is designed to ensure maximum interest earnings on available cash balances with minimal principal investment risk. The district invests its available cash balances in certificates of deposit, interest-bearing checking accounts, United States Treasury and Agency bonds and A1P1 rated commercial paper. The Board annually adopts a 100% summer tax levy that has enabled the district to avoid borrowing against State Aid to fund cash flow needs.

The district self-funds employee dental and optical care benefits. A plan administrator collects premiums from the district based on actual claims paid in the prior year. Excess contributions may be returned to the district or netted against current year premium payments. Past results of these programs have been favorable when compared to fully insured programs offered by insurance companies. All other employee insurances are purchased from reputable companies. Terms of property, general liability and worker compensation insurance policies appear on the Insurance schedule in the Statistical Section of this report.

We thank the members of the Board of Education for their continued guidance and support. Copies of this report are available for public distribution upon request.

Sincerely,

  
Gary P. Lipe, Ph.D.  
Superintendent of Schools

  
Dana J. Vigus, CPA  
Business Manager

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

**GRAND BLANC COMMUNITY SCHOOLS**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*William F. Kelly*  
President

*James H. Miller*  
Executive Director

GRAND BLANC COMMUNITY SCHOOLS  
11920 SOUTH SAGINAW STREET  
GRAND BLANC, MICHIGAN 48439

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

BOARD OF EDUCATION

MR. RUSSELL KIRKSEY	PRESIDENT
MRS. LILIAN MASON	VICE PRESIDENT
MRS. SUSAN EDWARDS	SECRETARY
MR. MICHAEL BLONDELL	TREASURER
MR. LARRY POLZIN	TRUSTEE
MRS. JANE BREWER	TRUSTEE
MRS. DEBRA HANCOCK	TRUSTEE

SUPERINTENDENT  
GARY P. LIPE, Ph.D.

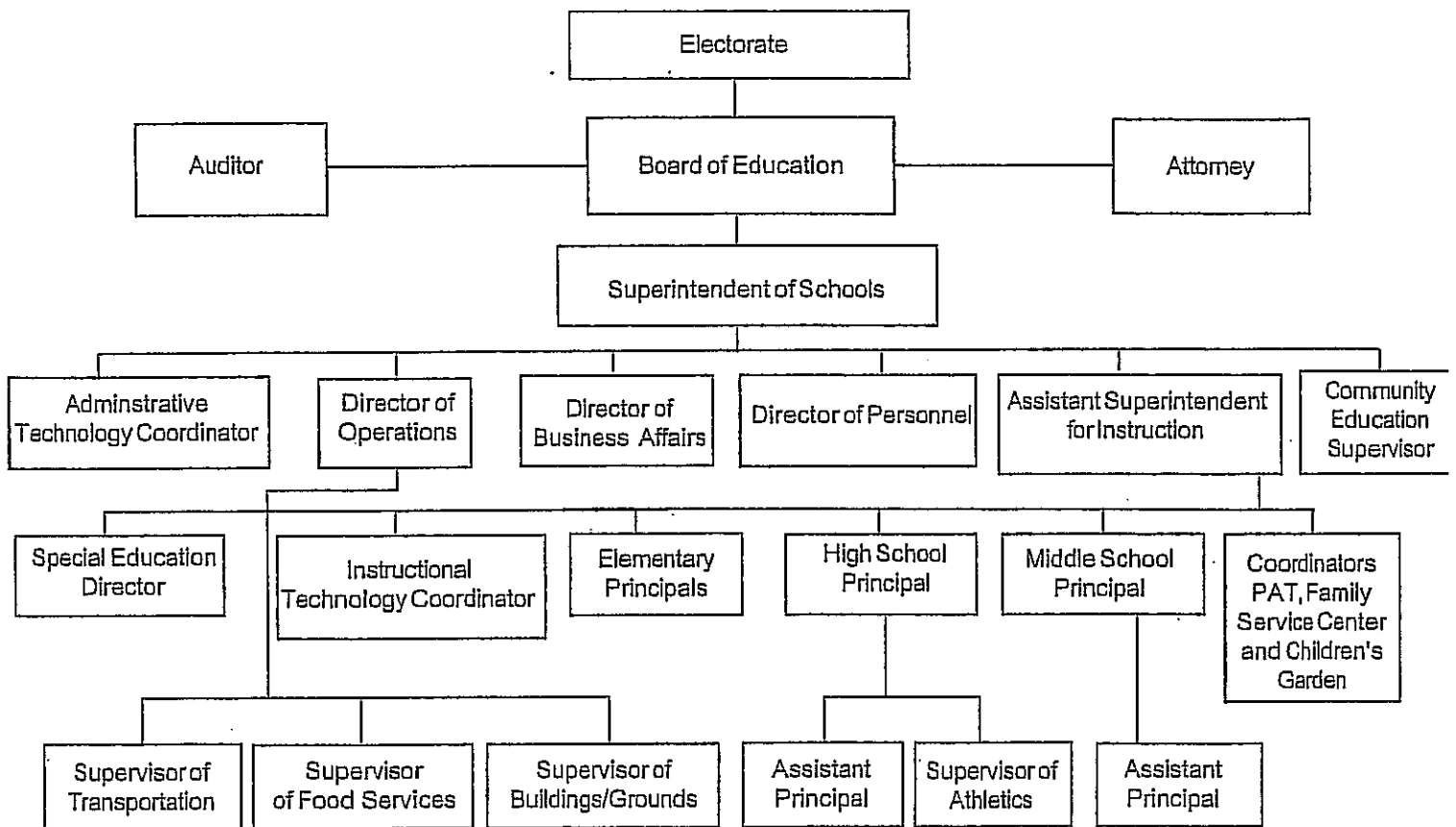
ASSISTANT SUPERINTENDENT  
JOHN JOHNSON

DIRECTOR OF OPERATIONS  
J.P. ADAMS

PERSONNEL DIRECTOR  
DIANE WILBUR

BUSINESS MANAGER  
DANA J. VIGUS, CPA

## ADMINISTRATIVE ORGANIZATIONAL CHART



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FINANCIAL



*Lewis & Knopf, CPAs, P.C.*

"Serving You with Trust and Integrity"

August 20, 2004

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Grand Blanc Community Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Blanc Community Schools, as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Grand Blanc Community Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Blanc Community Schools as of June 30, 2004, and the respective changes in financial position, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 20, 2004 on our consideration of the School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 11 - 18 and 39 - 40 are not required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Blanc Community Schools' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purpose of additional analysis and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements of Grand Blanc Community Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in addition to the basic financial statements taken as a whole.

*Lewis & Knopf, P.C.*

LEWIS & KNOFF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



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# GRAND BLANC COMMUNITY SCHOOLS

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11920 South Saginaw, Grand Blanc, MI 48439  
Phone: (810) 591-6000 Fax: (810) 591-6018

Grand Blanc Community Schools – Grand Blanc, Michigan  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

Our discussion and analysis of Grand Blanc Community Schools' financial performance, a GASB 34 requirement, provides an overview of the School District's financial activities for the fiscal year ended June 30, 2004.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June, 2000.

## **THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The School District's annual report includes fund financial statements and district-wide financial statements. The fund financial statements are comparable to statements presented in years prior to June 30, 2002 except that the General Fixed Assets and General Long Term Debt account groups are no longer reported. The fund-level statements are reported using a modified accrual basis of accounting. That is, only those assets that are "measurable" and "currently available" are reported, and liabilities are recognized to the extent they would normally be paid with current financial resources. Fund financial statements report the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds – the General Fund, Special Services Funds, Capital Projects Funds, and Debt Service Fund.

The District-wide Statement of Net Assets and Statement of Activities are new and are reported using the full accrual basis of accounting. With this method all of the District's assets and liabilities, and all of the current year revenues and expenditures, are reported regardless of when cash is received or paid. These statements provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. For example, the Statement of Activities details how the District's services were financed in the short-term and the amount that remains for future spending. The Statement of Net Assets aggregates the District's restricted and unrestricted assets as well as short and long-term obligations recorded in all funds.

## **FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The District's *net assets* – the difference between assets and liabilities, as reported in the Statement of Net Assets, is one way to measure the School District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets, as reported in the Statement of Activities, is one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the School District's *operating results*. However, the School District's goal is to provide services to its students, not to generate profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the schools, must also be considered when assessing the *overall health* of the School District. Standard & Poor's is contracted by the Michigan Department of Treasury to rate all Michigan school districts on the basis of academic performance compared to overall costs. Grand Blanc Community Schools is ranked in the top 1% of all school districts in the state.

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### *Board of Education*

Russell Kirksey, President  
Jane L. Brewer, Vice President  
Susan R. Edwards, Secretary  
Michael E. Blondell, Treasurer

Lillian G. Mason, Trustee  
Debra C. Hancock, Trustee  
Larry Polzin, Trustee

### *Administration*

Gary P. Lipe, Ph.D., Superintendent  
John G. Johnson, Assistant Superintendent  
James P. Adams II, Director of Operations  
Dana J. Vigus, Business Manager  
Diane L. Wilbur, Personnel Director

Grand Blanc Community Schools – Grand Blanc, Michigan  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

The School District's net assets totaled \$28,236,496 at June 30, 2004 and \$24,296,656 at June 30, 2003. At June 30, 2004, \$12,542,468 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and legislation that limits the School District's ability to use those net assets for day-to-day operations.

	2004	2003
<b>Assets</b>		
Current assets	\$113,032,590	\$21,241,528
Capital assets net of depreciation	32,499,021	12,725,732
Work in progress	<u>1,242,589</u>	<u>16,932,323</u>
 Total assets	 \$146,774,200	 \$50,899,583
<b>Liabilities</b>		
Current liabilities	\$ 8,184,160	\$ 7,452,907
Long-term liabilities	<u>110,353,544</u>	<u>19,150,020</u>
 Total liabilities	 118,537,704	 26,602,927
<b>Net Assets</b>		
Invested in capital assets, net of related debt	15,131,200	10,318,162
Restricted for capital projects	(35,712)	1,394,931
Restricted for debt service	(112,720)	425,476
Other purposes	711,260	803,817
Unrestricted	<u>12,542,468</u>	<u>11,354,270</u>
 Total net assets	 <u>28,236,496</u>	 <u>24,296,656</u>
 Total liabilities and net assets	 <u><u>\$ 146,774,200</u></u>	 <u><u>\$ 50,899,583</u></u>

The \$12,542,468 in unrestricted net assets of governmental activities represents District funds that have not been committed contractually or for debt obligations and are available for future use.

Total net assets increased approximately \$4 million in 2003-04. The major components of the increase in net fixed assets are as follows:

➤ Revenues

Revenues exceeded expenditures by \$2.99 million for the year ended June 30, 2004. State aid and local property taxes collected, which are based on a per-pupil formula, increased by \$3.2 million as a result of increased student enrollment from the prior year. Property taxes collected for the retirement of debt and for the sinking fund levy increased by \$273,998.

➤ Depreciation expense

The provisions of GASB 34 require districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation is a reduction in net assets. Depreciation expense is recorded using a straight-line method over the estimated useful lives of the assets. In accordance with generally accepted accounting principles, depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. For the year ended June 30, 2004 the net increase in accumulated depreciation was \$1,548,560.

Grand Blanc Community Schools – Grand Blanc, Michigan  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

➤ Capital acquisitions

Capital outlay net of disposals for the year ended June 30, 2004 totaled \$21,321,849. Combined with current year depreciation and the effect of disposals, net assets increased by \$19,773,289. Additionally, the District invested \$1,242,589 in construction and recorded as work-in-progress two new middle schools and other buildings and additions.

➤ Debt repayment

The district levies property taxes for the specific purpose of retiring debt. The collection of these taxes and the resultant repayment of debt decreases the District's long-term principal obligations and, as a result, the net assets of the district increase. The District repaid \$2,477,257 of long-term debt in the current fiscal year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. Below is a summary of the District-wide results of operations for the year ended June 30, 2004 and June 30, 2003:

	<u>2004</u>	<u>2003</u>
General revenue		
Property taxes levied for general operations	\$ 8,965,153	\$ 8,632,061
State of Michigan aid, unrestricted	40,753,529	37,863,812
Property Taxes levied for debt service	2,649,495	2,455,545
Property Taxes levied for building & site	1,438,474	1,358,426
Other – federal, state and local	<u>1,223,801</u>	<u>1,066,578</u>
Total general revenue	55,030,452	51,376,422
Program revenue		
Charges for services – local	2,880,928	2,408,967
Operating grants – federal and state	<u>4,962,279</u>	<u>4,770,642</u>
Total revenues	62,873,659	58,556,031
Expenses		
Instruction	31,744,646	31,168,034
Support services	20,909,329	17,777,481
Community services	496,691	467,949
Food services	2,248,200	1,953,964
Athletics	717,734	660,444
Child Care	719,410	636,255
Interest on long-term debt	1,595,325	919,011
Depreciation (unallocated)	<u>502,484</u>	<u>792,067</u>
Total expenses	58,933,819	54,375,205
Increase in net assets	<u>3,939,840</u>	<u>4,180,826</u>
Net assets – July 1	<u>24,296,656</u>	<u>20,115,830</u>
Net assets – June 30	<u>\$28,236,496</u>	<u>\$24,296,656</u>

Grand Blanc Community Schools – Grand Blanc, Michigan  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

**GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS**

Our financial statements provide the following insights about the results of this year's operations:

The overall condition of the governmental funds has improved from the prior year. In the General Fund, the excess of revenues over expenditures totaled \$1.7 million. Several factors contributed to the amount of the excess. Increased student enrollment was a primary factor, because the additional state aid as the result of the increased number of students was not completely offset by additional overhead costs. Also, in April of 2004 the district implemented a spending freeze across all areas of the General Fund budget. Finally, the district elected to finance its purchase of copier equipment. For the governmental statements, loan proceeds are recorded as revenues and has the effect of increasing fund balance by the amount of the borrowing. This had a positive effect on fund balance of \$161,630.

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The School District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments and resultant staffing requirements are known. Currently, the most significant budgeted funds are the General Fund and the Capital Projects Funds. During the fiscal year ended June 30, 2004, the School District amended the budgets of these major governmental funds three times.

***General Fund***

In the general fund, the actual revenue and other financing sources was \$55.5 million. This is above the original budget estimate of \$53.7 million and the final amended budgeted amount of \$55.4 million, a variance of less than 1%. The actual expenditures and other financing uses of the general fund were \$53.8 million. This is below the original budget estimate of \$54.8 million and the final amended budgeted amount of \$55 million. The variances between the actual revenues and the original and final revenue budgets are due primarily to the following:

- Higher than projected local revenue due to a pooled insurance surplus return and the sale of district-owned technology fiber cable to the Genesee Intermediate School District
- Higher than anticipated summer school and driver education fees
- Adjustments to various federal and state grants

The variances between the actual General Fund expenditures and the original and final expenditure budgets are primarily due to a spending freeze implemented by the District in April of 2004. This spending freeze affected all areas of the General Fund including basic programs and supporting services and was implemented as a result of the following:

- Executive order from the State of Michigan reducing per-pupil funding to schools
- Budget projections that forecast an approximate \$3 million in additional operating costs in the fall of 2006 due to the opening of two new middle schools

General Fund revenues totaled \$55.5 million and total expenditures \$53.8 million for the year. The fund balance was approximately \$13.7 million at June 30, 2004.

Grand Blanc Community Schools – Grand Blanc, Michigan  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

**Capital Projects Funds**

The Capital Projects Funds receive revenues from property taxes and building and site bond issues used for the purposes approved by the voters for each issue, as well as interest income from investment of bond proceeds. The actual revenue and other financing sources in the Capital Projects Funds totaled \$96.2 million, above the original budget of \$1.5 million and above the final budget of \$96.1 million. The original budget was adopted in June 2003, prior to voter approval of the March 2004 bond issue.

The actual expenditures in the capital projects funds totaled \$5.9 million, above the original budget of \$3.7 million and below the final amended budget of \$10.7 million. The variance between the actual expenditures and the original budget is due to voter approval of the March 2004 bond issue after the original budget adoption in June 2003. A longer than anticipated time to close on property for one new middle school caused the variance between the actual expenditures and the final amended budget.

The 2001 bond issue was for the purpose of erecting, equipping and furnishing a new elementary school, classroom additions at Indian Hill Elementary School, and gymnasiums and multi-purpose rooms at Indian Hill and Reid Elementary Schools. Additionally, the 2001 bond issue was for the purpose of remodeling, reequipping and refurnishing Cook Elementary School to provide a K-2 facility, and for erecting, remodeling, equipping and furnishing cafeteria, media center and music facilities at the Brendel campus of the Grand Blanc Middle School, and for upgrading electrical service in school buildings and acquiring, installing and equipping school buildings for technology improvements and purchasing school buses. These projects were substantially complete at June 30, 2004.

The 2004 issue was for the purpose of acquiring a site for a new middle school; erecting equipping and furnishing two new middle schools and related athletic fields, and preparing developing and improving the sites therefore; acquiring, installing and equipping school buildings for technology improvements; remodeling, reequipping and refurnishing the Grand Blanc Middle School main campus building to provide a high school building and preparing, developing and improving the site therefore; erecting, equipping and furnishing a Grand Blanc High School and preparing, developing and improving the site therefore; acquiring sites for a new transportation services building and a new maintenance and grounds building and erecting, equipping and furnishing a new transportation services building and a new maintenance and grounds building, and preparing developing and improving the sites therefore.

The 1999 building and site Sinking Fund was for the purpose of repair, acquisition or construction of capital facilities or equipment held by the School District. The District collects building and site millage across total property values. However, taxable value is capped according to state law at amounts less than market value related to inflation rate growth.

**GOVERNMENTAL FUND EXPENDITURES**

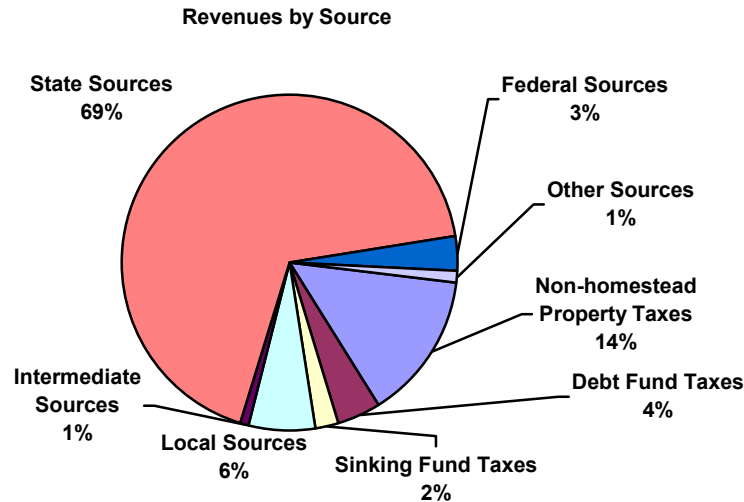
The following chart illustrates that general fund comprises 82% of all the expenditures within the governmental funds of the School District compared to 68% in the prior year due to 2001 capital projects. As of June 30, 2004, expenditures totaled \$65.9 million for all District programs. The ending fund balance for all funds was equal to \$108.6 million of which \$92.7 million was reserved for the 2004 bond issue.

	Expenditures June 30, 2004 (In millions)	% Of TOTAL	Expenditures June 30, 2003 (In millions)	% Of TOTAL
General Fund	\$53.8	82%	\$49.7	68%
Capital Projects Funds	5.9	9%	17.1	23%
Other Non-major Funds	6.2	9%	6.1	9%
Total	<u>\$65.9</u>	100%	<u>\$72.9</u>	100%

Grand Blanc Community Schools – Grand Blanc, Michigan  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

**TOTAL REVENUES & OTHER FINANCING SOURCES**

Revenues and other financing sources for all governmental funds totaled \$158.1 million. Of that amount, the 2004 bond issue generated \$94.6 million. The following graph illustrates the District revenues and other financing sources by source as a percentage of total revenue and other financing sources exclusive of the bond issue:



***Unrestricted State Aid***

The district is predominately funded by State Aid, which has increased on a per-pupil basis between years at a modest rate until 2003-04 when an executive order was issued by the State to reduce school funding. The executive order reduced the per-pupil allocation by \$74, which resulted in a loss to the district of approximately \$500,000. State revenues to the District increased by nearly \$2.9 million as the result of increased enrollment and resultant State Aid in the current year. State Aid membership, which is a blended count of 20% of the February and 80% of the September counts, was 7,211 and 6,720 in 2003-04 and 2002-03 respectively. The state per-pupil allocation for 2003-04 was \$7,060 and \$7,180 for 2002-03.

***Property Taxes***

The District levies 18 mills of property taxes on all Non-Homestead property located within the district for General Fund operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value. The 2003-04 Non-Homestead property tax levy totaled approximately \$8.96 million.

The District levies 1.8 mills of property taxes on all classes of property located within the district for bonded debt retirement. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total amount levied for debt retirement in the current year was \$2.65 million.

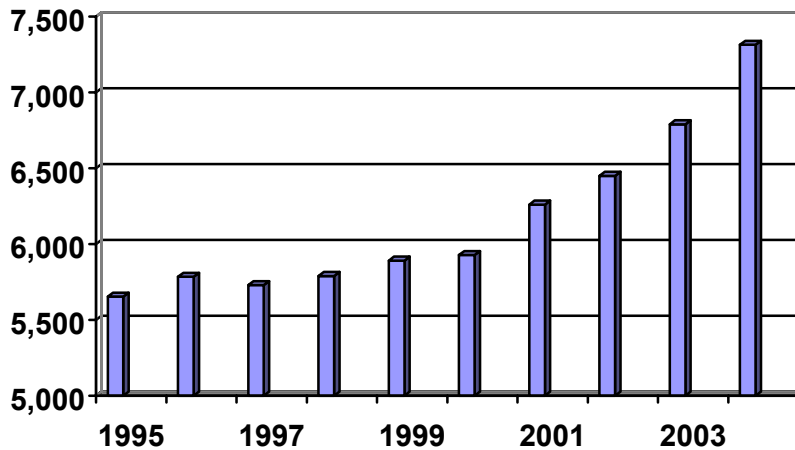
The District's sinking fund is used for the repair and maintenance of buildings and equipment. The voters approved a one mill, five-year levy beginning in the year 2000. This levy is subject to rollback provisions and is currently equal to .9779 mills. The total amount collected in 2003-04 for this purpose was \$1.44 million.

Grand Blanc Community Schools – Grand Blanc, Michigan  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

**ENROLLMENT**

The District's September 2003 enrollment totaled 7,313 students. This is an increase in enrollment of 524 students from the prior year September count. Grand Blanc Community Schools is geographically located in the southeastern portion of Genesee County. This area is experiencing growth along the I-75 corridor fueled by growth in Southeastern Michigan. The District anticipates continued growth in the near future due to the ongoing residential construction within its boundaries. Enrollment growth over the last ten years can be illustrated as follows:

Enrollment Growth



Enrollment is important to the financial health of the District because State funding is based on a per-pupil formula. For the fiscal year ended June 30, 2004, the gross per-pupil allowance was reduced from \$7,180 to \$7,106.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal year 2004, the School District had \$54.1 million invested in land and buildings, furniture and equipment, vehicles and buses. Of this amount, \$21.6 million has been depreciated. Net book value totals \$32.5 million. Total additions for the year were \$21.3 million and were comprised of site improvements, buildings and additions land and bus and equipment purchases. The district's buildings range in years of construction from 1924 (The Perry Center) to 2003 (the Mason elementary school). The majority of the buildings were constructed in the 1950's and 1960's. The district is committed to the timely repairs and maintenance of its facilities. Computer purchases are under the District's capitalization threshold of \$5,000 and are expensed accordingly.

Capital Assets at Year End  
(Net of Depreciation)  
(In Millions)

	Governmental	Activities
	<u>2004</u>	<u>2003</u>
Land and Improvements	\$ 2.1	\$ 1.7
Buildings and Additions	25.8	7.3
Furniture and Equipment	2.2	1.3
Vehicles & Buses	<u>2.4</u>	<u>2.4</u>
Total	<u>\$ 32.5</u>	<u>\$ 12.7</u>



Grand Blanc Community Schools – Grand Blanc, Michigan  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004

***Debt***

**OUTSTANDING DEBT AT YEAR-END**

At June 30, 2004, the School District had \$106.2 million in bonds outstanding for Capital Projects. The District collects property taxes for the retirement of bonded debt obligations across total property values. Therefore, total growth in valuation is an important element in determining the District's ability to retire bonded debt and/or to incur additional bonded debt as increased enrollment may require.

Additionally, the District had \$1.7 million in installment loans outstanding for buses, portable classrooms, copiers and technology equipment including computers.

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this report.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This report is designed to give an overview of the financial conditions of the Grand Blanc Community School District. If you should desire additional detailed financial program audits, they can be obtained by contacting the following person:

Dana J. Vigus, CPA  
Business Manager  
Grand Blanc Community Schools  
11920 S. Saginaw Street  
Grand Blanc, MI 48439  
Office Telephone (810) 591-6008, Fax (810) 591-6018  
Or Email – [dvigus@grand-blanc.k12.mi.us](mailto:dvigus@grand-blanc.k12.mi.us)

GRAND BLANC COMMUNITY SCHOOLS  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

	Assets	Governmental Activities
Current Assets		
Cash, cash equivalents and investments		\$ 104,226,613
Accounts receivable		203,288
Due from other governmental units		8,246,167
Interest receivable		222,180
Inventory		32,464
Prepaid costs		<u>101,878</u>
Total current assets		113,032,590
Non-Current Assets		
Land and land improvements		2,143,363
Buildings and improvements		42,777,216
Equipment and furniture		4,472,165
Vehicles		4,698,016
Less: accumulated depreciation		<u>(21,591,739)</u>
Net fixed assets		32,499,021
Construction-in-progress		<u>1,242,589</u>
Total non-current assets		<u>33,741,610</u>
Total assets		<u>\$ 146,774,200</u>
	Liabilities	
Current Liabilities		
Accounts payable		386,852
Salaries payable		3,312,125
Payroll taxes payable		25,261
Payroll deductions and withholdings		601,420
Accrued interest on long-term debt		850,154
Deferred revenue		64,150
Current portion of accumulated unpaid benefits		311,112
Current portion of long-term obligations		<u>2,633,086</u>
Total current liabilities		8,184,160
Non-Current Liabilities		
Noncurrent portion of accumulated unpaid benefits		725,126
Noncurrent portion of long-term obligations		105,281,127
Deferred charges for debt issue premiums & other debt issue costs		<u>4,347,291</u>
Total non-current liabilities		110,353,544
Total liabilities		118,537,704
	Net Assets	
Net Assets		
Invested in capital assets, net of related debt		15,131,200
Restricted for:		
Capital projects		(35,712)
Debt service		(112,720)
Other purposes		711,260
Unrestricted		<u>12,542,468</u>
Total net assets		<u>28,236,496</u>
Total liabilities and net assets		<u>\$ 146,774,200</u>

See accompanying notes to basic financial statements.

GRAND BLANC COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES  
JUNE 30, 2004

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Functions/Programs				
Governmental Activities				
Instruction				
Basic programs	\$ 25,359,679	\$	\$ 804,937	\$ (24,554,742)
Added needs	6,384,967		2,969,150	(3,415,817)
Support services	20,909,329		238,966	(20,670,363)
Community services	496,691	307,483	208,388	19,180
Food services	2,248,200	1,635,989	740,838	128,627
Athletics	717,734	180,171		(537,563)
Child care	719,410	757,285		37,875
Interest on long-term debt net of amortization of debt issue premium	1,595,325			(1,595,325)
Unallocated depreciation	502,484			(502,484)
Total governmental activities	\$ 58,933,819	\$ 2,880,928	\$ 4,962,279	(51,090,612)
General Purpose Revenues				
Property tax				13,053,122
State school aid - unrestricted				40,753,529
Unrestricted contributions				201,130
Investment earnings				349,753
Miscellaneous				672,918
Total general revenue				55,030,452
Change in net assets				3,939,840
Net assets - July 1				24,296,656
Net assets - June 30				\$ 28,236,496

See accompanying notes to basic financial statements.

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GRAND BLANC COMMUNITY SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 9,634,839	\$ 92,955,358	\$ 1,636,416	\$ 104,226,613
Accounts receivable	111,312	17	91,959	203,288
Due from other governmental units	8,246,167			8,246,167
Interest receivable	2,266	218,615	1,299	222,180
Inventory			32,464	32,464
Prepaid costs	30,734		71,144	101,878
<b>Total Assets</b>	<b>\$ 18,025,318</b>	<b>\$ 93,173,990</b>	<b>\$ 1,833,282</b>	<b>\$ 113,032,590</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 324,247	\$ -	\$ 62,605	\$ 386,852
Salaries payable	3,312,125			3,312,125
Payroll taxes payable	25,261			25,261
Payroll deductions and withholdings	601,420			601,420
Deferred revenue	40,000		24,150	64,150
<b>Total Liabilities</b>	<b>4,303,053</b>	<b>-</b>	<b>86,755</b>	<b>4,389,808</b>
<b>Fund Balance</b>				
Reserved for capital outlay		93,173,990		93,173,990
Reserved for debt retirement			737,434	737,434
Reserved for other purposes	711,260		-	711,260
Unreserved				-
Designated for other purposes	1,372,674			1,372,674
Undesignated	11,638,331			11,638,331
School Service Fund			1,009,093	1,009,093
<b>Total Fund Balance</b>	<b>13,722,265</b>	<b>93,173,990</b>	<b>1,746,527</b>	<b>108,642,782</b>
<b>Total liabilities and fund balance</b>	<b>\$ 18,025,318</b>	<b>\$ 93,173,990</b>	<b>\$ 1,833,282</b>	<b>\$ 113,032,590</b>

See accompanying notes to basic financial statements.

GRAND BLANC COMMUNITY SCHOOLS  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004

Total Governmental Fund Balances		\$	108,642,782
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Cost of net assets	\$	54,090,761	
Accumulated depreciation		<u>(21,591,739)</u>	32,499,022
Construction in progress			1,242,589
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
Bonds payable	\$	106,180,000	
Notes payable		1,734,213	
Compensated absences payable		<u>1,036,240</u>	
Total long-term liabilities			(108,950,453)
Deferred charges/credits for debt issue premiums and debt issue costs are reported as liabilities in the statement of net assets and as current year expenditures or other financing sources in the governmental funds			
			(4,347,290)
In the statement of net assets, interest has been accrued on bonds payable as of June 30, 2004			
			<u>(850,154)</u>
Total net assets - governmental activities	\$		<u>28,236,496</u>

See accompanying notes to basic financial statements.

GRAND BLANC COMMUNITY SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 8,965,153	\$ 1,438,474	\$ 2,649,495	\$ 13,053,122
Other local sources	1,381,445	153,227	2,596,918	4,131,590
Interdistrict sources	377,580			377,580
State sources	43,093,236		122,015	43,215,251
Federal sources	1,477,293		618,823	2,096,116
Total revenues	55,294,707	1,591,701	5,987,251	62,873,659
Expenditures				
Instruction				
Basic programs	25,093,813			25,093,813
Added needs	6,388,993			6,388,993
Total instruction	31,482,806	-	-	31,482,806
Support services				
Pupil services	2,294,912			2,294,912
Instructional staff services	2,386,938			2,386,938
General administration	639,249			639,249
School administration	3,101,548			3,101,548
Business services	860,262			860,262
Operation and maintenance	7,348,312			7,348,312
Pupil transportation	2,622,986			2,622,986
Central services	1,170,008			1,170,008
Community services	516,798			516,798
Other supporting services			3,662,035	3,662,035
Total support services	20,941,013	-	3,662,035	24,603,048
Capital Projects				
Capital outlay and other costs		5,937,424		5,937,424
Debt service				
Principal			1,650,000	1,650,000
Interest and fiscal charges			853,212	853,212
Total debt service	-	-	2,503,212	2,503,212
Total expenditures	52,423,819	5,937,424	6,165,247	64,526,490
Excess (deficiency) of revenues over (under) expenditures	2,870,888	(4,345,723)	(177,996)	(1,652,831)
Other financing sources				
Equipment loans	161,630			161,630
Bond proceeds		90,105,000		90,105,000
Bond premium		4,478,493		4,478,493
Interfund transfers			514,254	514,254
Total other financing sources	161,630	94,583,493	514,254	95,259,377
Other financing uses				
Installment loan payments	768,133			768,133
Interfund transfers	514,254			514,254
Fiscal agent disbursements	74,520			74,520
Uncollectable taxes	-	-	-	-
Total other financing uses	1,356,907	-	-	1,356,907
Excess (deficiency) of other financing sources over (under) other financing uses	(1,195,277)	94,583,493	514,254	93,902,470
Net changes in fund balance	1,675,611	90,237,770	336,258	92,249,639
Fund balance - July 1	12,046,654	2,936,220	1,410,269	16,393,143
Fund balance - June 30	\$ 13,722,265	\$ 93,173,990	\$ 1,746,527	\$ 108,642,782

See accompanying notes to financial statements.

GRAND BLANC COMMUNITY SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

Total net change in fund balances - governmental funds	\$	92,249,639
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Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	\$	21,321,849	
Depreciation Expense		<u>(1,548,560)</u>	19,773,289

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	1,650,000
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Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	664,244
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Accumulated unpaid benefits are recorded as liabilities in the statement of net assets, but are not recorded in the governmental funds statement. The increase in accumulated unpaid benefits at June 30, 2004 was	(134,337)
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Installment note proceeds that are recognized as revenue in the governmental funds, but are recorded as liabilities on the statement of net assets. This is the amount of the note proceeds.	(161,630)
--	-----------

Bond proceeds that are recognized as revenue in the governmental funds, but are recorded as liabilities on the statement of net assets. This is the amount of the bond proceeds.	(90,105,000)
--	--------------

Interest on long-term debt in the statement of activities includes accrued interest while the governmental funds statement does not. The increase in accrued interest at June 30, 2004 was	(707,952)
--	-----------

Amortization of debt issue premium and other debt issue costs are recorded in the statement of activities over the life of the bonds. This is the amount of the amortization of premium and other debt issue costs for the current year	69,728
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Net premium less issue costs	(3,668,407)
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Expenditures for the construction project that is in progress. The expenditures are recorded in the capital projects fund as capital outlay. However, on the government-wide financial statements these expenditures are recorded on the statement of net assets as an asset "Construction in Progress." The decrease in construction in progress at June 30, 2004 was	<u>(15,689,734)</u>
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Change in net assets of governmental activities	\$	<u><u>3,939,840</u></u>
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See accompanying notes to the basic financial statements.



GRAND BLANC COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2004

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ <u>674,607</u>
Liabilities	
Due to student and other groups	\$ <u>674,607</u>

See accompanying notes to the basic financial statements.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Grand Blanc Community Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued *Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section to provide an analysis of the District's overall financial position and results of operations.
- Financial statements prepared with full accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

**Reporting Entity**

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and inter-district government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

**Basic Financial Statements – Government-wide Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 1 - Summary of Significant Accounting Policies (continued)**

Basic Financial Statements - Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into five generic fund types in a broad fund category as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds - Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains three school service funds: Cafeteria, Athletic and Community Service Funds.

Debt Service Funds - The Debt Service Funds are used to record tax and interest revenue and the payment of general long-term debt principal, interest and related cost. The District maintains a common debt service fund for the 1998 and 2001 bond issues.

Capital Projects Funds - The District maintains three capital projects funds: the Sinking Fund, the 2001 Bond Issue Fund and the 2004 Bond Issue Fund. The Capital Projects Funds are used to account for resources for the acquisition or construction of capital facilities or equipment held by the School District and include capital project activities funded with bonds issued after May 1, 2004. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent.

Activities (Agency) Funds - Agency Funds are used to account for assets held by the School District as an agent, custodial in nature (assets equal liabilities) and are reported using the economic resources measurement focus.

Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 1 - Summary of Significant Accounting Policies (continued)**

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The availability period used for revenue recognition is 60 days. Expenditures and compensated absences are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Investments – Investments are valued at cost, which approximates fair value.

Inventories - Items purchased for future use are recorded as inventory and charged to expenditure accounts when requisitioned for use. Cafeteria Fund has recorded commodity inventory at fair market value as determined by the USDA.

Capital Assets – Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. The District has adopted a \$5,000 capitalization threshold for recording capital assets. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is computed on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20 – 50 years
Buses and other vehicles	5 – 10 years
Furniture and equipment	5 – 20 years

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations - Substantially all of the District's employees work under collective bargaining agreements. The Clerical contract expired on June 30, 2003 and is in the process of renegotiation. The Teacher's contract expires on June 30, 2005 and is currently being renegotiated due to an economic re-opener clause based on health insurance rate increases.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 1 - Summary of Significant Accounting Policies (continued)**

Compensated Absences - Teachers earn sick days at the rate of 11 days per year. Other employees earn sick days depending on the number of months employed and their union contract. Employees, either upon retirement and acceptance into the Michigan School Employee's Retirement System or upon resignation after ten (10) years with the District, shall be compensated at the rate of \$50.00 per day of unused accumulated personal sick leave to a maximum of one hundred (100) days. Total estimated liability for unpaid sick days, including salary-related payments was \$906,395 and \$901,899 at June 30, 2004 and 2003, respectively.

Vacation time earned but not used and payable at June 30, 2004 and 2003, amounted to \$129,830 and \$106,714, respectively.

Economic Dependency - The district receives approximately 69% of its operating revenue from the State of Michigan.

**Note 2 - Budget and Budgetary Accounting**

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General, Special Revenue, and Debt Retirement Funds and an informational study of Capital Project Funds of school districts prior to the expenditure of monies in a fiscal year.

The Board of Education adopts appropriations utilizing the modified accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized by the act. The Act requires expenditures to be budgeted on a functional basis. A district is not considered to be in violation of the Act if reasonable procedures are in use by the District to detect violations.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The District's superintendent submits to the Board of Education a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The superintendent is authorized to transfer budgeted amounts between functions within any fund with the approval of the Budget and Finance Committee; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
4. Budgets for the General, Debt Service, Capital Projects, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations, which were amended.
6. Appropriations lapse at year-end and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 3 - Cash and Investments**

Deposits - The School District is authorized by the State of Michigan Public Act 132 of 1986 to deposit its funds in banks, savings and loan associations, or credit unions having their principal offices in the State of Michigan. The carrying amount at year-end of the District's deposits (cash and certificates of deposits) with financial institutions (including petty cash of \$2,100) was \$197,411 and the bank balance was \$851,791. Of this amount, \$203,513 was insured by the FDIC or FSLIC and \$649,212 was uninsured and un-collateralized.

Investments - The School District is authorized by State of Michigan Public Act 132 of 1986 to invest in the following:

- a. Bonds, bills or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the state.
- b. Certificates of deposit issued by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this state.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- e. United States government or federal agency obligation repurchases agreements.
- f. Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
- g. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- h. Investment pools, as authorized by the surplus funds investment pool act, Act. No. 367 of Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

The District's investments are categorized as follows to give an indication of the level of risk assumed by the entity at June 30, 2004. Category 1 includes investments and/or cash equivalents that are insured or registered or for which the District or its agent in the District's name holds the securities. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department or agent but not in the District's name.

At June 30, 2004 the District had \$87,103,673 from the Capital Projects Fund invested in Treasury Notes (Category 1).

Also at June 30, 2004 the District had \$5,667,532 from the General Fund, \$639,786 from the Debt Retirement Fund, and \$1,500,000 from the Capital Projects Fund invested in Commercial Paper (Category 2).

While investments are normally categorized to give an indication of the level of risk assumed by the School District, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The District had invested \$5,508,477 from the General Fund, \$25,000 from the Debt Retirement Fund, \$577,129 from the Trust and Agency Fund, \$469,486 from the Sinking Fund and \$3,607,548 from the Capital Projects Fund. These accounts were held in various accounts in the Michigan School District Liquid Asset Fund, the Standard Federal Public Funds Money Market Account and the Bank One School District Operating Money Market Fund.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 4 – Due from other Governmental Units**

The amount due from other governmental units consists of State Aid due to the District from the State of Michigan and various federal grants. The receivable was \$7,828,901 and \$7,536,891 at June 30, 2004 and 2003, respectively.

**Note 5 - Property Taxes**

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the District's boundaries. Approximately 99% of the District's tax base is within Genesee County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 15. Collections are forwarded to the District as collected by the assessing municipality. Real property taxes uncollected as of March 1 are purchased by the Counties of Genesee and Oakland and remitted to the District by June 30.

Property taxes are recognized in the accounting period when they become measurable and available to finance operations. Available means when due or past due and receivable within the current period and collected no longer than 60 days after the current period.

**Note 6 - Changes in Capital Assets**

Summary of capital asset transactions:

	Balance July 1, 2003	Additions	Disposals and Adjustments	Balance June 30, 2004
Assets not depreciated – Land & Improvements	\$ 1,754,874	\$ 388,489		\$ 2,143,363
Other Capital Assets:				
Buildings & additions	23,380,517	19,396,699		42,777,216
Furniture & equipment	3,283,532	1,221,300	32,667	4,472,165
Buses & other vehicles	<u>4,349,988</u>	<u>552,043</u>	<u>\$ 204,015</u>	<u>4,698,016</u>
Subtotal	31,014,037	21,170,042	236,682	51,947,397
Accumulated Depreciation:				
Buildings & additions	16,051,522	1,022,939		17,074,461
Furniture & equipment	2,004,620	291,393	32,661	2,263,352
Buses & other vehicles	<u>1,987,037</u>	<u>453,508</u>	<u>186,619</u>	<u>2,253,926</u>
Subtotal	<u>20,043,179</u>	<u>1,767,840</u>	<u>219,280</u>	<u>21,591,739</u>
Net other capital assets	<u>10,970,858</u>	<u>19,402,202</u>	<u>17,402</u>	<u>30,355,658</u>
Net capital assets	<u>\$ 12,725,732</u>	<u>\$ 19,790,691</u>	<u>\$ 17,402</u>	<u>\$ 32,499,021</u>

Depreciation for fiscal year ended June 30, 2004 totaled \$1,548,560.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 6 - Changes in Capital Assets (continued)**

Depreciation expense was allocated to governmental functions when appropriate. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 746,572
Support Services	276,195
Athletics	23,309
Unallocated	<u>502,484</u>
Total depreciation expense	\$ <u>1,548,560</u>

The following schedule illustrates the changes of capital assets by function:

Capital Assets by Function	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2004</u>
Instruction	\$ 8,981,982	\$ 20,394,250	\$ 5,622	\$ 20,388,628
Support Services	4,641,922	576,433	204,015	5,014,340
Athletics	1,021,017			1,021,017
Unallocated	<u>18,123,990</u>	<u>587,848</u>	<u>27,045</u>	<u>27,666,775</u>
Subtotal	32,768,911	21,558,531	236,682	54,090,760
Accumulated Depreciation				
Instruction	4,777,740	752,194	5,622	5,524,312
Support Services	2,196,471	462,814	186,619	2,472,666
Athletics	393,019	23,309		416,328
Unallocated	<u>12,675,949</u>	<u>529,523</u>	<u>27,039</u>	<u>13,178,433</u>
Subtotal	<u>20,043,179</u>	<u>1,767,840</u>	<u>219,280</u>	<u>21,591,739</u>
Net Capital Assets	<u>\$ 12,725,732</u>	<u>\$ 19,790,691</u>	<u>\$ 17,402</u>	<u>\$ 32,499,021</u>

**Note 7 - Long-Term Debt**

The following is a summary of long-term debt transactions for the year ended June 30, 2004:

	<u>Compensated Absences</u>	<u>Bonds</u>	<u>Installment Loans</u>	<u>Total</u>
Balance July 1, 2003	\$ 1,008,613	\$17,725,000	\$2,236,829	\$ 20,970,442
Additions	190,636	90,105,000	161,630	90,457,266
Retirements & payments	<u>163,011</u>	<u>1,650,000</u>	<u>664,246</u>	<u>2,477,257</u>
Balance June 30, 2004	<u>1,036,238</u>	<u>106,180,000</u>	<u>1,734,213</u>	<u>108,950,451</u>
Less: current portion	<u>207,248</u>	<u>1,975,000</u>	<u>658,086</u>	<u>2,840,334</u>
Total due after one year	<u>\$ 828,990</u>	<u>\$104,205,000</u>	<u>\$1,076,127</u>	<u>\$106,110,117</u>



GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 7 - Long-Term Debt (continued)**

Installment loans consist of two loans for portable classrooms, two loans for buses and six loans for computers and other technology equipment. The original amounts of these loans totaled \$2,867,126 and require annual principal payments plus interest calculated at 2.26% to 4.44%.

The general obligation bonds are payable from the Debt Service Fund and consist of the 2001 and 2004 issues. The \$20,000,000 issue in 2001 was for erecting, equipping and furnishing a new elementary school and additions at several other elementary schools and remodeling at the Brendel campus of the Middle School. The 2004 issue was for the purpose of acquiring a site for a new middle school; erecting equipping and furnishing two new middle schools and related athletic fields, and preparing developing and improving the sites therefore; acquiring, installing and equipping school buildings for technology improvements; remodeling, reequipping and refurnishing the Grand Blanc Middle School main campus building to provide a high school building and preparing, developing and improving the site therefore; erecting, equipping and furnishing a Grand Blanc High School and preparing, developing and improving the site therefore; acquiring sites for a new transportation services building and a new maintenance and grounds building and erecting, equipping and furnishing a new transportation services building and a new maintenance and grounds building, and preparing developing and improving the sites therefore. As of June 30, 2004, the fund had a balance of \$ 737,434 for use to pay this debt. Future debt and interest calculated at 2% to 5.63% will be payable from future tax levies.

Future principal and interest requirements for bonded debt are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 1,975,000	\$ 5,179,837	\$ 7,154,837
2006	2,450,000	5,140,750	7,590,750
2007	2,965,000	5,050,362	8,015,362
2008	3,550,000	4,907,112	8,457,112
2009	4,200,000	4,765,112	8,965,112
2010 – 2014	16,490,000	21,481,174	37,971,174
2015 – 2019	24,725,000	16,421,250	41,146,250
2020 – 2024	27,825,000	9,648,129	37,473,129
2005 - 2008	<u>22,000,000</u>	<u>2,750,000</u>	<u>24,750,000</u>
Total	<u>\$106,180,000</u>	<u>\$75,343,726</u>	<u>\$181,523,726</u>

Future principal and interest requirements for the installment loans to be paid from General Fund monies are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 658,086	\$ 53,174	\$ 711,260
2006	279,677	37,884	317,561
2007	249,778	27,704	277,482
2008	174,838	19,671	194,509
2009	167,766	13,189	180,955
2010-2011	<u>204,068</u>	<u>8,981</u>	<u>213,049</u>
Total	<u>\$1,734,213</u>	<u>\$160,603</u>	<u>\$1,894,816</u>

The payment dates of vacation days payable and compensated absences are indeterminable.

Gross interest expenditures for 2003-2004, in the General and Debt Service Funds were \$ 103,889 and \$ 853,213 respectively. The district received premium of \$948,131 on its 2001 bond issue, and \$4,478,493 on its 2004 bond issue, which represents monies received in excess of face value. This premium, net of bond issuance costs, is amortized in the statement of net assets over the life of the bonds on a straight-line basis. Net premium amortization amounted to \$69,728 and is offset against the interest expense on the statement of net assets.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 8 – Pension Plan**

**Plan Description**

The District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost sharing public employee retirement system (PERS).

MPERS now operates under the provisions of Public Act 300 of 1980, as amended. MPERS operates within the Michigan Department of Management and Budget; Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to:

Office of Retirement Systems  
Michigan Public School Employees Retirement System  
7150 Harris Drive  
P.O. Box 30171  
Lansing, Michigan 48909-7526  
(800) 381-5111

The pension plan provides retirement, survivor and disability benefits. A member may retire after reaching the age of 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service.

A Member Investment Plan (MIP) member may retire at any age with 30 years of credited service; at age 60 with 10 or more years of credited service; or, at age 60 with 5 years of credited service provided the member has worked through his or her 60<sup>th</sup> birthday and has credited service in each of the five school fiscal years immediately preceding the pension effective date.

Benefits vest after 10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits. Pension provisions include death and disability benefits.

Employees who retire after reaching the above mentioned requirements are entitled to 1 ½ percent of their final average compensation multiplied by the number of years of credited service.

The District is required by State statute to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contribute 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPERS funding for the three-year period beginning July 1, 2002 through June 30, 2004.

	Year Ended June 30,		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Funding percentage range	12.99%	12.17 – 12.99%	12.16 – 12.17%
Total district payroll	\$32,662,159	\$29,886,057	\$28,323,990
Total covered payroll	32,323,774	29,430,360	27,626,682
District contributions	4,198,858	3,779,304	3,361,656
Employee MIP contributions	944,198	851,635	791,125
Tax deferred payment program	283,048	208,077	158,682
Portion of district contribution covering health, dental and vision benefits	46.6%	46.6%	50%

Ten-year historical trend information is presented in the September 30, 2003, PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2002, the latest date for which information is available approximates \$38.4 billion and \$41.9 billion, respectively. The District's share of the total current actuarially determined statewide employer contribution requirement under MPERS was less than 1% for the year ended September 30, 2002.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 9- Post-Employment Benefits Other than Pension Benefits**

In addition to the pension benefits described in Note 10, the District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS). All health care benefits are on a self-insured basis. A significant portion of the premium is paid by MPERS with the balance deducted from the monthly pension.

The only requirements for insurance benefits are that the retiree or beneficiary make application and be in receipt of a monthly pension.

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2003, statewide expenditures of \$ 558.7 million were recognized for post-retirement health care, dental and vision. This represented approximately 19.8% of the total expenditures of the Michigan Public School Employees Retirement System.

**Note 10 - Fund Balance**

**Reserves and Designations**

Reservations of fund balance are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. Specific reservations of the fund balance accounts are summarized below. Reserve for debt service was created to restrict the use of funds to the payment of debt principal and interest.

Reserved for other purposes -

2004-2005 debt service on existing notes	\$ 711,260
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Designations of unreserved fund balances are created to indicate tentative plans for the use of current financial resources in the future. Specific designations of the fund balances are summarized below:

Designated for other purposes –

A portion of the total sick pay , which is estimated at June 30, 2004 to be \$906,395 and will be owed by the Grand Blanc School District to employees who meet either of the following two conditions: (1) upon retirement and acceptance into the Michigan School Employees Retirement System, or (2) upon resignation after ten (10) years with the School District.	\$ 181,279
Contingencies	100,000
Cost of compliance with ADA requirements	160,000
Liability Insurance Deductible	<u>25,000</u>
	\$ 466,279

**Note 11 - Contingencies and Commitments**

The District has received federal and state grants for specific purposes. These grants are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

The district has a remaining construction commitment on its 2001 and 2004 Capital Projects Funds in the amount of \$26,895 and \$92,446,420, respectively, at June 30, 2004.

GRAND BLANC COMMUNITY SCHOOLS  
NOTES to the BASIC FINANCIAL STATEMENTS  
JUNE 30, 2004

**Note 12 – Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District participates in SET-SEG (risk pool) for claims related to general liability, umbrella, auto and workers compensation and Great American Insurance Company for errors and omissions. The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The amount of claim settlements has not exceeded insurance coverage in any of the past three years.

The District self-insures its dental and vision programs. Management believes that funds on deposit are more than sufficient to cover claims incurred but not reported, of which amounts are not material.

**Note 13 - Sinking Funds**

The Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan. Voters in the school district authorized 1 mill on June 12, 2000 and expires in June of 2005.

**Note 14 – Inter-fund Transfers**

The District made the following inter-fund transfers during the year:

	<u>General</u> <u>Fund</u>	<u>Athletics</u> <u>Fund</u>
To:		\$514,254
From:	\$514,254	

The transfers were for the purpose of funding student athletic activities provided by the District.

**Note 15 – Operating Leases**

The District leases equipment under certain non-cancelable operating leases as summarized below:

- Copier equipment lease dated March 19, 2002 for a term of 60 months. The total cost of the lease is \$705,754.
- Copier equipment lease dated October 26, 2001 for a term of 39 months. The total cost of the lease is \$16,302.
- Copier equipment lease dated December 1, 2001 for a term of 36 months. The total cost of the lease is \$2,952.

The future minimum lease payments are as follows:

Year ended June 30,	Payment Amount
2005	\$ 151,027
2006	148,363
2007	145,027
2008	<u>108,770</u>
Total	<u>\$ 553,187</u>

Total rent expense for the fiscal year ended June 30, 2004 totaled \$136,836.

## REQUIRED SUPPLEMENTAL INFORMATION

GRAND BLANC COMMUNITY SCHOOLS  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2004

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local sources	\$ 9,861,530	\$ 9,901,770	\$ 10,346,598	\$ 444,828
Interdistrict sources	551,713	551,713	377,580	(174,133)
State sources	41,095,954	43,214,056	43,093,236	(120,820)
Federal sources	1,410,409	1,533,862	1,477,293	(56,569)
Total revenues	52,919,606	55,201,401	55,294,707	93,306
Expenditures				
Education				
Instruction				
Basic programs	24,962,888	25,435,170	25,093,813	341,357
Added needs	6,203,274	6,520,647	6,388,993	131,654
Supporting services				
Pupil services	2,235,201	2,278,942	2,294,912	(15,970)
Instructional staff	2,781,182	2,465,955	2,386,938	79,017
General administration	866,254	738,269	639,249	99,020
School Administration	3,113,565	3,184,879	3,101,548	83,331
Business services	1,068,470	1,039,863	860,262	179,601
Operation and maintenance	7,553,611	7,443,891	7,348,312	95,579
Transportation	2,611,813	2,666,402	2,622,986	43,416
Central services	1,631,871	1,187,641	1,170,008	17,633
Community services	394,021	588,413	516,798	71,615
Total expenditures	53,422,150	53,550,072	52,423,819	1,126,253
Excess (deficiency) of revenues over (under) expenditures	(502,544)	1,651,329	2,870,888	1,219,559
Other financing sources	794,389	161,630	161,630	-
Other financing uses	1,394,034	1,468,643	1,356,907	111,736
Excess (deficiency) of other financing sources over (under) other financing uses	(599,645)	(1,307,013)	(1,195,277)	111,736
Net changes in fund balance	(1,102,189)	344,316	1,675,611	1,331,295
Fund balance - July 1	10,429,639	12,046,654	12,046,654	-
Fund balance - June 30	\$ 9,327,450	\$ 12,390,970	\$ 13,722,265	\$ 1,331,295

GRAND BLANC COMMUNITY SCHOOLS  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenue				
Property taxes	\$ 1,426,380	\$ 1,426,380	\$ 1,438,474	\$ 12,094
Investment Income	5,600	102,070	135,271	33,201
Other local sources	23,800	23,800	17,956	(5,844)
Total revenue	1,455,780	1,552,250	1,591,701	39,451
Other financing sources				
Bond Proceeds		90,105,000	90,105,000	-
Bond Premium		4,478,493	4,478,493	-
Total other financing sources	-	94,583,493	94,583,493	-
Total revenues & other financing sources	1,455,780	96,135,743	96,175,194	39,451
Expenditures				
Bond issuance costs		821,633	813,132	8,501
Capital projects	3,729,780	9,895,792	5,124,292	4,771,500
Total expenditures	3,729,780	10,717,425	5,937,424	4,780,001
Excess (deficiency) of revenues over expenditures	(2,274,000)	85,418,318	90,237,770	4,819,452
Fund balance - July 1	2,327,990	2,936,220	2,936,220	-
Fund balance - June 30	\$ 53,990	\$ 88,354,538	\$ 93,173,990	\$ 4,819,452

## OTHER SUPPLEMENTAL INFORMATION



GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2004

	Special Revenue Funds			Debt	Non-major
	School	Athletics	Community	Service	Governmental
	Lunch	Fund	Service	Service	Funds
	Fund		Fund	Fund	Total
Assets					
Cash and investments	\$ 790,272	\$ 214	\$ 109,827	\$ 736,103	\$ 1,636,416
Accounts receivable	89,351	-	2,576	32	91,959
Prepaid expenses	70,640		504		71,144
Interest receivable				1,299	1,299
Inventory	32,464				32,464
Total assets	<u>\$ 982,727</u>	<u>\$ 214</u>	<u>\$ 112,907</u>	<u>\$ 737,434</u>	<u>\$ 1,833,282</u>
Liabilities					
Accounts payable	\$ 62,391	\$ 214		\$ -	\$ 62,605
Deferred revenue			24,150	-	24,150
Total liabilities	62,391	214	24,150	-	86,755
Fund balances					
Reserved for debt service				737,434	737,434
Undesignated, Reported in school service fund	920,336	-	88,757		1,009,093
Total liabilities and fund balance	<u>\$ 982,727</u>	<u>\$ 214</u>	<u>\$ 112,907</u>	<u>\$ 737,434</u>	<u>\$ 1,833,282</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004

	Special Revenue Funds			Debt Service Fund	Non-major Governmental Funds Total
	School Lunch Fund	Athletics Fund	Community Service Fund		
Revenues					
Revenues from local sources					
Food sales	\$ 1,626,612	\$	\$	\$	\$ 1,626,612
Athletics admissions		180,171			180,171
Property Taxes				2,649,495	2,649,495
Other local sources	9,377		757,285	23,473	790,135
State aid	122,015				122,015
Federal aid	618,823				618,823
Total Revenues	2,376,827	180,171	757,285	2,672,968	5,987,251
Other financing sources					
Operating transfers		514,254			514,254
Total revenue and other financing sources	2,376,827	694,425	757,285	2,672,968	6,501,505
Expenditures					
School service funds:					
Salaries	563,297	407,229	556,745		1,527,271
Employee benefits	186,553	113,209	112,908		412,670
Purchased services	142,146	64,599	1,870		208,615
Supplies and materials	1,112,695	7,081	32,882		1,152,658
Capital Outlay	241,212	32,391	8,002		281,605
Other	2,297	69,916	7,003		79,216
Debt retirement fund:					
Principal				1,650,000	1,650,000
Interest and fiscal charges				853,212	853,212
Total expenditures	2,248,200	694,425	719,410	2,503,212	6,165,247
Excess (deficiency) of revenues and other financing sources over expenditures	128,627	-	37,875	169,756	336,258
Fund balance - July 1	791,709	-	50,882	567,678	1,410,269
Fund balance - June 30	\$ 920,336	\$ -	\$ 88,757	\$ 737,434	\$ 1,746,527

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2004

	Sinking Fund	2001 Bond Issue	2004 Bond Issue	Total
Revenues				
Property tax levy	\$ 1,438,474	\$	\$	\$ 1,438,474
Earnings on investments	3,769	10,563	137,263	151,595
Other local revenues	1,632	-	-	1,632
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,443,875	10,563	137,263	1,591,701
Other financing sources				
Bond proceeds			90,105,000	90,105,000
Bond premium			4,478,493	4,478,493
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues and other financing sources	1,443,875	10,563	94,720,756	96,175,194
Expenditures				
Land			951,021	951,021
Remodeling and improvements	1,068,634	2,813,069	291,568	4,173,271
Equipment	-	-	-	-
Other costs	<hr/>	<hr/>	813,132	813,132
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,068,634	2,813,069	2,055,721	5,937,424
Excess (deficiency) of revenues over expenditures	375,241	(2,802,506)	92,665,035	90,237,770
Fund balance July 1	<hr/>	<hr/>	<hr/>	<hr/>
	106,819	2,829,401	-	2,936,220
Fund balance June 30	<u>\$ 482,060</u>	<u>\$ 26,895</u>	<u>\$ 92,665,035</u>	<u>\$ 93,173,990</u>

GRAND BLANC COMMUNITY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003

	Totals	
	June 30, 2004	June 30, 2003
Local sources		
Property tax levy	\$ 8,965,153	\$ 8,632,061
Earnings on investments	177,727	74,351
Tuition from patrons	219,160	140,137
Rentals	88,323	64,415
Contributions and grants	201,130	160,746
Interest on delinquent taxes	46,588	48,468
Medicaid	62,918	65,099
Other	585,599	172,005
Total revenues from local sources	10,346,598	9,357,282
State sources		
Grants - unrestricted		
State school aid	40,753,529	37,863,812
Grants - restricted		
Special education	1,466,689	1,379,585
At risk	448,284	411,721
Vocational education	150,797	156,014
Early childhood education	99,000	99,000
Career preparation	58,260	56,487
Driver education	34,150	23,288
Gifted and talented	-	14,843
Other	82,527	200,537
Total revenues from state sources	43,093,236	40,205,287
Federal sources		
Grants - restricted		
Special education - I.D.E.A.\Flothru	843,150	641,903
Title I	239,293	319,556
Medicaid Outreach	70,531	20,255
Vocational education	45,699	46,081
Title II	173,760	171,789
Preschool incentive	29,950	21,070
Title VI	5,421	5,155
Other	69,489	70,193
Total revenues from federal sources	1,477,293	1,296,002
Interdistrict sources		
County special education tax	377,580	486,713
Total revenues from interdistrict sources	377,580	486,713
Other sources		
Equipment loans	161,630	933,332
Total revenues and other sources	\$ 55,456,337	\$ 52,278,616

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003

	Salaries & Benefits	Purchased Services	Supplies & Materials	Other Expenses	Totals June 30, 2004	June 30, 2003
Instruction						
Basic Programs						
Elementary	\$ 8,475,091	\$ 41,830	\$ 378,611	\$ 3,597	\$ 8,899,129	\$ 8,489,361
Middle school	4,013,103	11,357	70,561	8,956	4,103,977	3,884,552
High school	4,739,951	20,587	70,779	68,281	4,899,598	4,642,056
Other basic programs	274,252	15,050	17,353	2,304	308,959	111,142
Employee benefits	6,822,396				6,822,396	6,717,526
Added needs						
Special education	2,972,066	28,931	185,609	4,210	3,190,816	3,052,597
Vocational education	793,449	9,069	7,276	860	810,654	777,584
Other added needs	667,044	10,799	186,845	1,453	866,141	217,656
Employee benefits	1,517,356				1,517,356	1,044,429
Total instruction	30,274,708	137,623	917,034	89,661	31,419,026	28,936,903
Supporting services						
Pupil services						
Guidance services	630,627	27,603	35,693	946	694,869	573,856
Health services	7,856	5,484	761	-	14,101	27,625
Psychological services	170,859	890	-	-	171,749	125,413
Speech pathology audiology	272,361	26,119	2,709	-	301,189	223,259
Social work services	272,424	848	-	-	273,272	204,626
Other pupil services	324,462	-	-	-	324,462	221,933
Employee benefits	515,270				515,270	343,927
Instructional staff						
Improvement of instruction	598,374	48,760	444,567	7,251	1,098,952	1,036,008
Media-printed material	546,654	4,114	125,571	-	676,339	616,148
Media -audiovisual	-	986	21,891	992	23,869	19,246
Supervision direction - Inst. Staff	104,102	-	-	-	104,102	216,108
Employee benefits	402,169	-	-	-	402,169	440,388
General administration						
Board of education	17,677	176,822	6,120	21,182	221,801	231,195
Executive administration	286,008	7,671	14,582	6,058	314,319	423,442
Employee benefits	103,129				103,129	122,885
School administration						
Office of the principal	1,924,531	40,859	59,106	7,089	2,031,585	1,878,662
Other school administration	230,868		590	14,571	246,029	
Employee benefits	823,935				823,935	652,748
Business services						
Fiscal services	214,261	143,544	25,334	12,327	395,466	542,478
Other business services	-	-		24,645	24,645	139,634
Employee benefits	95,702				95,702	79,795
Operations & maintenance						
Operation & maintenance of plant	1,721,255	1,791,463	1,734,211	614	5,247,543	4,356,675
Security services		25,000	2,166		27,166	25,000
Employee benefits	927,612				927,612	886,769

(continued)

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2003

	Salaries & Benefits	Purchased Services	Supplies & Materials	Other Expenses	Totals June 30, 2004	June 30, 2003
Supporting services (continued)						
Pupil transportation						
Pupil transportation services	1,299,373	192,406	261,873	1,620	1,755,272	1,652,633
Employee benefits	474,456				474,456	442,027
Central services						
Communication services	29,771	142,146	6,504	2,303	180,724	159,558
Staff services	202,744	49,156	2,784	1,549	256,233	261,638
Support services technology	160,660	200,309	17,627	2,217	380,813	23,185
Other central services		62,972			62,972	
Employee benefits	136,747				136,747	85,655
Total support services	12,493,887	2,947,152	2,762,089	103,364	18,306,492	16,012,516
Community services						
Community services direction	226,259	57,043	41,727	30,620	355,649	369,672
Other community services	33,728	17,373	10,601	-	61,702	33,775
Employee benefits	79,340				79,340	62,890
Total community services	339,327	74,416	52,328	30,620	496,691	466,337
Capital outlay						
Basic instruction				59,754	59,754	-
Added needs				4,026	4,026	9,000
Supporting services				2,137,830	2,137,830	3,093,866
Total capital outlay	-	-	-	2,201,610	2,201,610	3,102,866
Total expenditures	43,107,922	3,159,191	3,731,451	2,425,255	52,423,819	48,518,622
Other financing uses						
Installment loan payments				768,133	768,133	605,347
Intra-district transfers				514,254	514,254	499,726
Fiscal agent disbursements				74,520	74,520	87,900
Uncollectable taxes				-	-	2,703
Total other financing uses	-	-	-	1,356,907	1,356,907	1,195,676
Total expenditures and other financing uses	\$ 43,107,922	\$ 3,159,191	\$ 3,731,451	\$ 3,782,162	\$ 53,780,726	\$ 49,714,298

(concluded)

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Assets				
Cash and cash equivalents	\$ <u>650,119</u>	\$ <u>2,016,567</u>	\$ <u>1,992,079</u>	\$ <u>674,607</u>
Liabilities				
Due to student and other groups	\$ <u>650,119</u>	\$ <u>2,016,567</u>	\$ <u>1,992,079</u>	\$ <u>674,607</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
DETAIL SCHEDULE OF BONDED INDEBTEDNESS  
JUNE 30, 2004

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Final Maturity</u>	<u>Amount of Annual Maturity</u>	<u>Fiscal Year Interest Requirements</u>	<u>Total</u>
Debt Retirement Fund							
2001 Building & Site Bonds	11/29/01	\$ 20,000,000					
				11/1/04		\$ 393,606	\$ 393,606
			4.00%	5/1/05	\$ 1,825,000	393,606	2,218,606
				11/1/05		357,106	357,106
			4.00%	5/1/06	2,015,000	357,106	2,372,106
				11/1/06		316,806	316,806
			4.00%	5/1/07	500,000	316,806	816,806
				11/1/07		306,806	306,806
			4.00%	5/1/08	550,000	306,806	856,806
				11/1/08		295,806	295,806
			4.00%	5/1/09	600,000	295,806	895,806
				11/1/09		283,806	283,806
			4.25%	5/1/10	660,000	283,806	943,806
				11/1/10		269,781	269,781
			4.25%	5/1/11	725,000	269,781	994,781
				11/1/11		254,375	254,375
			5.00%	5/1/12	1,000,000	254,375	1,254,375
				11/1/12		229,375	229,375
			5.50%	5/1/13	1,000,000	229,375	1,229,375
				11/1/13		201,875	201,875
			5.50%	5/1/14	1,000,000	201,875	1,201,875
				11/1/14		174,375	174,375
			5.63%	5/1/15	1,000,000	174,375	1,174,375
				11/1/15		146,250	146,250
			5.63%	5/1/16	1,000,000	146,250	1,146,250
				11/1/16		118,125	118,125
			5.63%	5/1/17	1,000,000	118,125	1,118,125
				11/1/17		90,000	90,000
			5.63%	5/1/18	1,000,000	90,000	1,090,000
				11/1/18		61,875	61,875
			5.63%	5/1/19	1,100,000	61,875	1,161,875
				11/1/19		30,938	30,938
			5.63%	5/1/20	1,100,000	30,938	1,130,938
					<u>\$ 16,075,000</u>	<u>7,061,813</u>	<u>\$ 23,136,813</u>

For the purpose of erecting, equipping and furnishing a new elementary school, classroom additions at Indian Hill Elementary School, and gymnasiums and multi-purpose rooms at Indian Hill and Reid Elementary Schools; remodeling, reequipping and refurbishing Cook Elementary School to provide a K-2 facility; erecting, remodeling, equipping and furnishing cafeteria, media center and music facilities at the Brendel campus of Grand Blanc Middle School; upgrading electrical service in school buildings; acquiring, installing, and equipping school buildings for technology improvements and purchasing school buses.



GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
DETAIL SCHEDULE OF BONDED INDEBTEDNESS  
JUNE 30, 2004

		Date of Issue	Amount of Issue	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
Debt Retirement Fund								
2004	Building & Site Bonds	5/4/04	\$ 90,105,000					
					11/1/04	\$	2,177,856	\$ 2,177,856
				2.00%	5/1/05	\$ 150,000	2,214,769	2,364,769
					11/1/05		2,213,269	2,213,269
				2.25%	5/1/06	435,000	2,213,269	2,648,269
					11/1/06		2,208,375	2,208,375
				5.00%	5/1/07	2,465,000	2,208,375	4,673,375
					11/1/07		2,146,750	2,146,750
				4.00%	5/1/08	3,000,000	2,146,750	5,146,750
					11/1/08		2,086,750	2,086,750
				5.00%	5/1/09	3,600,000	2,086,750	5,686,750
					11/1/09		1,996,750	1,996,750
				3.50%	5/1/10	1,950,000	1,996,750	3,946,750
					11/1/10		1,962,625	1,962,625
				5.00%	5/1/11	2,200,000	1,962,625	4,162,625
					11/1/11		1,907,625	1,907,625
				5.00%	5/1/12	2,280,000	1,907,625	4,187,625
					11/1/12		1,850,625	1,850,625
				5.00%	5/1/13	2,675,000	1,850,625	4,525,625
					11/1/13		1,783,750	1,783,750
				5.00%	5/1/14	3,000,000	1,783,750	4,783,750
					11/1/14		1,708,750	1,708,750
				5.00%	5/1/15	3,300,000	1,708,750	5,008,750
					11/1/15		1,626,250	1,626,250
				5.00%	5/1/16	3,750,000	1,626,250	5,376,250
					11/1/16		1,532,500	1,532,500
				5.00%	5/1/17	4,150,000	1,532,500	5,682,500
					11/1/17		1,428,750	1,428,750
				5.00%	5/1/18	4,200,000	1,428,750	5,628,750
					11/1/18		1,323,750	1,323,750
				5.00%	5/1/19	4,225,000	1,323,750	5,548,750
					11/1/19		1,218,125	1,218,125
				5.00%	5/1/20	4,725,000	1,218,125	5,943,125
					11/1/20		1,100,000	1,100,000
				5.00%	5/1/21	5,500,000	1,100,000	6,600,000
					11/1/21		962,500	962,500
				5.00%	5/1/22	5,500,000	962,500	6,462,500
					11/1/22		825,000	825,000
				5.00%	5/1/23	5,500,000	825,000	6,325,000
					11/1/23		687,500	687,500
				5.00%	5/1/24	5,500,000	687,500	6,187,500
					11/1/24		550,000	550,000
				5.00%	5/1/25	5,500,000	550,000	6,050,000
					11/1/25		412,500	412,500
				5.00%	5/1/26	5,500,000	412,500	5,912,500
					11/1/26		275,000	275,000
				5.00%	5/1/27	5,500,000	275,000	5,775,000
					11/1/27		137,500	137,500
				5.00%	5/1/28	5,500,000	137,500	5,637,500
						\$ 90,105,000	68,281,913	\$ 158,386,913

For the purpose of acquiring a site for a new middle school; erecting equipping and furnishing two new middle schools and related athletic fields, and preparing developing and improving the sites therefor; acquiring, installing and equipping school buildings for technology improvements; remodeling, reequipping and refurbishing the Grand Blanc Middle School main campus building to provide a high school building and preparing, developing and improving the site therefor; erecting, equipping and furnishing Grand Blanc High School and preparing, developing and improving the site therefor; acquiring sites for a new transportation services building and a new maintenance and grounds building and erecting, equipping and furnishing a new transportation services building and a new maintenance and grounds building, and preparing, developing and improving the sites therefor.

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$326,429

Date Issued: June 20, 2002

Purpose: For the purchase of computer equipment.

<u>Due Date</u>	<u>Annual Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
7/20/2004	3.25%	\$ 9,225	\$ 304	\$ 9,529
8/20/2004		9,250	279	9,529
9/20/2004		9,275	254	9,529
10/20/2004		9,300	229	9,529
11/20/2004		9,325	204	9,529
12/20/2004		9,350	179	9,529
1/20/2005		9,376	153	9,529
2/20/2005		9,401	128	9,529
3/20/2005		9,426	103	9,529
4/20/2005		9,452	77	9,529
5/20/2005		9,478	51	9,529
6/20/2005		9,503	26	9,529
		<u>\$ 112,360</u>	<u>\$ 1,988</u>	<u>\$ 114,347</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$326,429

Date Issued: June 28, 2002

Purpose: For the purchase of computer equipment.

<u>Due Date</u>	<u>Annual Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
7/28/04	3.25%	\$ 9,225	\$ 304	\$ 9,529
8/28/04		9,250	279	9,529
9/28/04		9,275	254	9,529
10/28/04		9,300	229	9,529
11/28/04		9,325	204	9,529
12/28/04		9,350	179	9,529
1/28/05		9,376	153	9,529
2/28/05		9,401	128	9,529
3/28/05		9,426	103	9,529
4/28/05		9,452	77	9,529
5/28/05		9,478	51	9,529
6/28/05		9,503	26	9,529
		<u>\$ 112,360</u>	<u>\$ 1,988</u>	<u>\$ 114,347</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$326,429

Date Issued: July 12, 2002

Purpose: For the purchase of computer equipment.

<u>Due Date</u>	<u>Annual Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
7/12/04	3.25%	\$ 9,200	\$ 329	\$ 9,529
8/12/04		9,225	304	9,529
9/12/04		9,250	279	9,529
10/12/04		9,275	254	9,529
11/12/04		9,300	229	9,529
12/12/04		9,325	204	9,529
1/12/05		9,350	179	9,529
2/12/05		9,376	153	9,529
3/12/05		9,401	128	9,529
4/12/05		9,426	103	9,529
5/12/05		9,452	77	9,529
6/12/05		9,478	51	9,529
7/12/05		9,503	26	9,529
		<u>\$ 121,559</u>	<u>\$ 2,317</u>	<u>\$ 123,876</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$111,955

Date Issued: August 30, 2002

Purpose: For the purchase of network infrastructure equipment.

<u>Due Date</u>	<u>Annual Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
07/30/04	3.25%	\$ 3,147	\$ 121	\$ 3,268
08/30/04		3,155	113	3,268
09/30/04		3,164	104	3,268
10/30/04		3,172	96	3,268
11/30/04		3,181	87	3,268
12/30/04		3,190	79	3,269
01/30/05		3,198	70	3,268
2/30/05		3,207	61	3,268
03/30/05		3,216	63	3,279
04/30/05		3,224	44	3,268
05/30/05		3,233	35	3,268
06/30/05		3,242	26	3,268
07/30/05		3,251	18	3,269
08/30/05		3,259	9	3,268
		<u>\$ 44,839</u>	<u>\$ 926</u>	<u>\$ 45,765</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$100,558

Date Issued: December 20, 2002

Purpose: For the purchase of Wide Area Network equipment.

<u>Due Date</u>	<u>Annual Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
7/20/04	2.26%	\$ 2,793	\$ 95	\$ 2,888
8/20/04		2,793	89	2,882
9/20/04		2,793	84	2,877
10/20/04		2,793	79	2,872
11/20/04		2,793	74	2,867
12/20/04		2,793	68	2,861
1/20/05		2,793	63	2,856
2/20/05		2,793	58	2,851
3/20/05		2,793	53	2,846
4/20/05		2,793	47	2,840
5/20/05		2,793	42	2,835
6/20/05		2,793	37	2,830
7/20/05		2,793	32	2,825
8/20/05		2,793	26	2,819
9/20/05		2,793	21	2,814
10/20/05		2,793	16	2,809
11/20/05		2,793	11	2,804
12/20/05		2,793	5	2,798
		<u>\$ 50,274</u>	<u>\$ 900</u>	<u>\$ 51,174</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$ 582,158

Date Issued: March 1, 2002

Purpose: Refinance installment loan dated September 19, 2000 for the purchase of portable classrooms.

Due Date	Annual Interest Rate	Principal	Interest	Total
9/1/04	4.44%	\$ 64,684	\$ 9,961	\$ 74,646
3/1/05			8,538	8,538
9/1/05		64,684	8,538	73,223
3/1/06			7,115	7,115
9/1/06		64,684	7,115	71,799
3/1/07			5,692	5,692
9/1/07		64,684	5,692	70,376
3/1/08			4,269	4,269
9/1/08		64,684	4,269	68,953
3/1/09			2,846	2,846
9/1/09		64,684	2,846	67,530
3/1/10			1,423	1,423
9/1/10		64,684	1,423	66,107
		<u>\$ 452,789</u>	<u>\$ 69,730</u>	<u>\$ 522,519</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$ 336,150

Date Issued: March 1, 2002

Purpose: Refinance installment loan dated September 19, 2000 for the purchase of portable classroom improvements.

Due Date	Annual Interest Rate	Principal	Interest	Total
9/1/04	4.44%	\$ 37,350	\$ 5,752	\$ 43,102
3/1/05			4,930	4,930
9/1/05		37,350	4,930	42,280
3/1/06			4,109	4,109
9/1/06		37,350	4,109	41,459
3/1/07			3,287	3,287
9/1/07		37,350	3,287	40,637
3/1/08			2,465	2,465
9/1/08		37,350	2,465	39,815
3/1/09			1,643	1,643
9/1/09		37,350	1,643	38,993
3/1/10			822	822
9/1/10		37,350	822	38,172
		<u>\$ 261,450</u>	<u>\$ 40,263</u>	<u>\$ 301,713</u>



GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$ 200,999

Date Issued: March 1, 2002

Purpose: Refinance installment loan dated October 1, 2000 for the purchase of buses.

<u>Due Date</u>	<u>Annual Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9/1/04	4.13%	\$ 40,200	\$ 2,490	\$ 42,690
3/1/05			1,660	1,660
9/1/05		40,200	1,660	41,860
3/1/06			830	830
9/1/06		40,199	830	41,029
		<u>\$ 120,599</u>	<u>\$ 7,470</u>	<u>\$ 128,069</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$ 394,389

Date Issued: October 7, 2002

Purpose: For the purchase of school buses.

Due Date	Annual Interest Rate	Principal	Interest	Total
9/30/04	2.99%	\$ 65,731	\$ 9,827	\$ 75,558
9/30/05		65,731	7,861	73,592
9/30/06		65,731	5,896	71,627
9/30/07		65,731	3,931	69,662
9/30/08		65,734	1,966	67,700
		<u>\$ 328,658</u>	<u>\$ 29,481</u>	<u>\$ 358,139</u>

GRAND BLANC COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
INSTALLMENT LOAN CONTRACTS  
JUNE 30, 2004

Amount: \$ 161,630

Date Issued: August 1, 2003

Purpose: For the purchase of copier equipment.

<u>Due Date</u>	<u>Annual Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
7/1/04	2.60%	3,269	280	3,549
8/1/04		3,276	273	3,549
9/1/04		3,283	266	3,549
10/1/04		3,290	259	3,549
11/1/04		3,297	252	3,549
12/1/04		3,304	245	3,549
1/1/05		3,312	237	3,549
2/1/05		3,319	230	3,549
3/1/05		3,326	223	3,549
4/1/05		3,333	216	3,549
5/1/05		3,340	209	3,549
6/1/05		3,348	201	3,549
7/1/05		3,355	194	3,549
8/1/05		3,362	187	3,549
9/1/05		3,369	180	3,549
10/1/05		3,377	172	3,549
11/1/05		3,384	165	3,549
12/1/05		3,391	158	3,549
1/1/06		3,399	150	3,549
2/1/06		3,406	143	3,549
3/1/06		3,413	136	3,549
4/1/06		3,421	128	3,549
5/1/06		3,428	121	3,549
6/1/06		3,436	113	3,549
7/1/06		3,443	106	3,549
8/1/06		3,451	98	3,549
9/1/06		3,458	91	3,549
10/1/06		3,466	84	3,550
11/1/06		3,473	76	3,549
12/1/06		3,481	68	3,549
1/1/07		3,488	61	3,549
2/1/07		3,496	53	3,549
3/1/07		3,503	46	3,549
4/1/07		3,511	38	3,549
5/1/07		3,518	31	3,549
6/1/07		3,526	23	3,549
7/1/07		3,534	16	3,550
8/1/07		3,539	11	3,550
		<u>\$ 129,325</u>	<u>\$ 5,540</u>	<u>\$ 134,865</u>

# SINGLE AUDIT



*Lewis & Knopf, CPAs, P.C.*

"Serving You with Trust and Integrity"

August 20, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of  
Grand Blanc Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Blanc Community Schools, as of and for the year ended June 30, 2004, which collectively comprise the Grand Blanc Community Schools' basic financial statements and have issued our report thereon dated August 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Grand Blanc Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grand Blanc Community Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS & KNOPF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

August 20, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Education of  
Grand Blanc Community Schools

Compliance

We have audited the compliance of Grand Blanc Community Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Grand Blanc Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Grand Blanc Community Schools' management. Our responsibility is to express an opinion on Grand Blanc Community Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grand Blanc Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Grand Blanc Community Schools' compliance with those requirements.

In our opinion, Grand Blanc Community Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Grand Blanc Community Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Grand Blanc Community Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



Grand Blanc Community Schools  
Page 2  
August 20, 2004

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS & KNOFF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

GRAND BLANC COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Award Grant/ Entitlement Program Amount	Inventory/ Accrued (Deferred) Revenue at July 1, 2003	Prior Year Expenditures	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Inventory Accrued (Deferred) Revenue at June 30, 2004
<u>U.S. Dept of Agriculture</u> <u>Passed through Mich Dept of Ed</u>								
Food Distribution Entitlement Commodities	10.550		105,158	-	-	105,158	105,158	-
Bonus Commodities			13,331	-	-	13,331	13,331	-
			118,489	-	-	118,489	118,489	-
National School Lunch Prog Breakfast	10.553		70,643	-	-	59,567	70,643	11,076
			70,643	-	-	59,567	70,643	11,076
Sec. 11 - Free and Reduced	10.555		389,988	-	-	331,303	389,988	58,685
			389,988	-	-	331,303	389,988	58,685
Special Milk	10.556		3,495	-	-	2,988	3,495	507
			3,495	-	-	2,988	3,495	507
Total Nutrition Cluster			464,126	-	-	393,858	464,126	70,268
Total Department of Agriculture			582,615	-	-	512,347	582,615	70,268
<u>Department of Education</u> <u>Passed through GISD</u>								
Physical Education for Progress	84.215f		4,000			3,682	3,682	-
			4,000			3,682	3,682	-
Handicapped State Grants	84.027	030490-TS	3,647	997		997	-	-
		030490	8,652			8,652	8,652	
		040490	3,473			3,473	3,473	
		040450	843,150			809,202	843,150	33,948
			858,922	997	-	822,324	855,275	33,948
PreSchool Grants	84.173	040460	29,950			29,950	29,950	-
			29,950	-	-	29,950	29,950	-
Total Special Ed/IDEA Cluster			892,872	997	-	855,956	888,907	33,948
<u>Passed through Mich Dept of Ed</u> <u>Title I - Educationally Deprived</u>								
	84.010	031530/0203	319,556	59,537	319,556	59,537	-	-
		041530/0304	239,293			199,528	239,293	39,765
			558,849	59,537	319,556	259,065	239,293	39,765

(Continued)



GRAND BLANC COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Award Grant/ Entitlement Program Amount	Inventory/ Accrued (Deferred) Revenue at July 1, 2003	Prior Year Expenditures	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Inventory Accrued (Deferred) Revenue at June 30, 2004
<u>Passed through GISD</u>								
<u>Vocational Education - Secondary</u>								
Perkins Regional Allocation	84.048	4012-15	45,699			45,699	45,699	-
			45,699			45,699	45,699	
Tech Prep Education	84.243	4014-15	2,579			2,579	2,579	-
			2,579			2,579	2,579	
Eisenhower Formula	84.281	10270-0102	-	-	-	-	-	-
		20270-0102	-	-	-	-	-	-
		20270-0203	-	-	-	-	-	-
			-	-	-	-	-	-
Drug Free Schls & Communities	84.186	032860/0203	23,969	2,231	23,303	2,231	-	-
		042860/0304	24,017			20,939	22,816	1,877
			47,986	2,231	23,303	23,170	22,816	1,877
Title V	84.298	040250 0304	5,421			5,421	5,421	-
			5,421	-	-	5,421	5,421	-
Title II Part D Regular	84.318	044290/0304	5,819			5,819	5,819	-
			5,819	-	-	5,819	5,819	-
Improving Teacher Quality	84.367	030520/0203	171,789	102,734	171,789	102,734	-	-
		040520/0304	173,760			75,065	173,760	98,695
			345,549	102,734	171,789	177,799	173,760	98,695
Total Dept of Education			1,904,774	165,499	514,648	1,375,508	1,384,294	174,285
<u>US Department of Labor</u>								
<u>Passed through Genesee County</u>								
<u>WIA Title I Year Round Youth Services</u>	17.259	007-K-03	600			600	600	-
			600	-	-	600	600	-
<u>US Dept of Health &amp; Human Serv</u>								
<u>Passed through Genesee County</u>								
Safe Schools/Healthy Students	84.184L		1,200			1,200	1,200	-
			1,200	-	-	1,200	1,200	-
Bridges to the Future	93.558		20,668			20,668	20,668	-
			20,668	-	-	20,668	20,668	-
Headstart Breakfast Program	93.600		36,208	-		32,000	36,208	4,208
			36,208	-	-	32,000	36,208	4,208
Medicaid Outreach	93.778		70,531			70,531	70,531	-
			70,531	-	-	70,531	70,531	-
Total Dept of Health & Human Serv			128,607	-	-	124,399	128,607	4,208
Total Federal Awards			2,616,596	165,499	514,648	2,012,854	2,096,116	248,761

(concluded)

GRAND BLANC COMMUNITY SCHOOLS - GRAND BLANC, MICHIGAN  
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004

FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	<u>\$2,096,116</u>
FEDERAL REVENUE RECOGNIZED PER THE GENERAL PURPOSE FINANCIAL STATEMENTS	
General Fund	\$1,477,293
School Service Fund	<u>\$618,823</u>
TOTAL	<u>\$2,096,116</u>

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 42 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.
- 4) Title II Part A grant monies were used to fund Title I expenditures in accordance with the approved Title II Part A grant application. The amount of Title II Part A grant monies used to fund Title I expenditures totaled \$94,350.

GRAND BLANC COMMUNITY SCHOOLS - GRAND BLANC, MICHIGAN  
RECONCILIATION OF FORM R 7120 " GRANT SECTION AUDITOR'S REPORT"  
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004

Current Payments Per the Grant Section Auditor's Report (Form R 7120)		\$ 796,121
<u>Less:</u> State Funded Grants		
Driver Education	(\$34,150)	
School Breakfast Program State Funds	(42,470)	
Total State Funded Grants		(76,620)
<u>Add:</u> Grants Passed Through the Genesee Intermediate School District:		904,234
Grants Passed Through Genesee County		124,999
Current payments on report not yet received by the district		
Drug Free Schools (CFDA 84.186)	1,728	
Improving Teacher Quality (CFDA 84.367)	84,366	
Title I (CFDA 84.010)	59,537	
		145,631
Entitlement and Bonus Commodities (CFDA 10.550)		118,489
 TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		 \$ <u><u>2,012,854</u></u>

GRAND BLANC COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004

Section 1 – Summary of Auditors' Results

Type of auditors' report issued: Unqualified.

	<u>Yes</u>	<u>No</u>
Internal control over financial reporting		
Material weakness identified?		X
Reportable conditions identified, not considered material weaknesses?		X
Noncompliance material to financial statements noted?		X
<u>Federal Awards</u>		
Internal control over major programs:		
Material weakness identifies?		X
Reportable conditions identified, not considered material weaknesses?		X
Audit findings required to be reported in accordance with sections 510(a) Circular 133?		X

Type of auditors' report issued on compliance for major programs: Unqualified.

Identification of Major Programs:

CFDA Number	Name of Federal Program
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish type A and type B programs: \$300,000.

	<u>Yes</u>	<u>No</u>
Qualified as low risk auditee?	X	

GRAND BLANC COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004

CURRENT YEAR FINDINGS AND QUESTIONED COSTS

There are no current year findings.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings.

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# STATISTICS

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GRAND BLANC COMMUNITY SCHOOLS  
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES BY SOURCE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	2003-04	2002-03	2001-02	2000-01	1999-00
Revenues					
Local sources					
Property taxes	\$ 8,965,153	\$ 8,632,061	\$ 8,006,654	\$ 7,360,929	\$ 7,236,942
Earnings on investments	177,727	74,351	154,238	324,064	331,004
Other	1,176,857	650,870	639,481	690,982	563,116
Total local sources	10,319,737	9,357,282	8,800,373	8,375,975	8,131,062
Interdistrict sources					
Special education	377,580	486,713	333,532	327,349	315,820
Total interdistrict sources	377,580	486,713	333,532	327,349	315,820
State sources					
State school aid - unrestricted	40,753,529	37,863,812	36,070,764	33,126,770	29,244,312
Restricted grants	2,339,707	2,341,475	2,217,297	2,176,994	1,989,912
Total state sources	43,093,236	40,205,287	38,288,061	35,303,764	31,234,224
Federal sources	1,503,619	1,296,002	1,170,665	886,068	896,151
Total revenues	55,294,172	51,345,284	48,592,631	44,893,156	40,577,257
Other financing sources	161,630	933,332	652,857	1,589,553	126
Total revenues and other financing sources	<u>\$ 55,455,802</u>	<u>\$ 52,278,616</u>	<u>\$ 49,245,488</u>	<u>\$ 46,482,709</u>	<u>\$ 40,577,383</u>

Note:

Beginning with 1994-95, the State of Michigan adopted a new funding model that caps the amount of property tax that can be assessed. The State of Michigan replaced the local revenue source with a state revenue from a 2% increase in sales tax.

GRAND BLANC COMMUNITY SCHOOLS  
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES BY SOURCE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	(continued)				
	1998-99	1997-98	1996-97	1995-96	1994-95
Revenues					
Local sources					
Property taxes	\$ 6,678,546	\$ 6,248,743	\$ 5,858,010	\$ 5,229,221	\$ 5,084,268
Earnings on investments	416,042	597,289	559,659	653,737	636,028
Other	423,521	583,515	497,861	443,044	309,337
Total local sources	7,518,109	7,429,547	6,915,530	6,326,002	6,029,633
Interdistrict sources					
Special education	290,921	246,821	243,947	437,838	485,237
Total interdistrict sources	290,921	246,821	243,947	437,838	485,237
State sources					
State school aid - unrestricted	27,986,283	29,391,340	30,878,513	28,189,762	26,514,690
Restricted grants	2,106,691	1,938,154	706,330	706,595	648,074
Total state sources	30,092,974	31,329,494	31,584,843	28,896,357	27,162,764
Federal sources	788,312	692,083	639,206	530,847	514,762
Total revenues	38,690,316	39,697,945	39,383,526	36,191,044	34,192,396
Other financing sources	168,300	636	3,000	760	537,307
Total revenues and other financing sources	<u>\$ 38,858,616</u>	<u>\$ 39,698,581</u>	<u>\$ 39,386,526</u>	<u>\$ 36,191,804</u>	<u>\$ 34,729,703</u>

Note:

Beginning with 1994-95, the State of Michigan adopted a new funding model that caps the amount of property tax that can be assessed. The State of Michigan replaced the local revenue source with a state revenue from a 2% increase in sales tax.

GRAND BLANC COMMUNITY SCHOOLS  
REVENUES AND OTHER FINANCING SOURCES BY SOURCE - GOVERNMENT-WIDE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
Revenues				
Local sources				
Property taxes	\$ 12,446,032	\$ 11,492,122	\$ 10,513,280	\$ 10,192,292
Other local sources	<u>3,475,546</u>	<u>6,014,057</u>	<u>3,780,903</u>	<u>3,466,699</u>
Total local sources	<u>15,921,578</u>	<u>17,506,179</u>	<u>14,294,183</u>	<u>13,658,991</u>
Interdistrict sources				
Special education	<u>486,713</u>	<u>333,532</u>	<u>327,349</u>	<u>315,820</u>
Total interdistrict sources	<u>486,713</u>	<u>333,532</u>	<u>327,349</u>	<u>315,820</u>
State sources	<u>40,324,775</u>	<u>38,403,062</u>	<u>35,381,145</u>	<u>31,277,514</u>
Federal sources	<u>1,822,966</u>	<u>1,614,813</u>	<u>1,279,564</u>	<u>1,246,038</u>
Total revenues	58,556,032	57,857,586	51,282,241	46,498,363
Other financing sources	<u>933,332</u>	<u>19,083,408</u>	<u>1,589,553</u>	<u>126</u>
Total revenues and other financing sources	<u>\$ 59,489,364</u>	<u>\$ 76,940,994</u>	<u>\$ 52,871,794</u>	<u>\$ 46,498,489</u>

have been eliminated in the Government-Wide Revenues and Sources by Source.

GRAND BLANC COMMUNITY SCHOOLS  
REVENUES AND OTHER FINANCING SOURCES BY SOURCE - GOVERNMENT-WIDE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	(continued)				
	1998-99	1997-98	1996-97	1995-96	1994-95
Revenues					
Local sources					
Property taxes	\$ 9,402,868	\$ 7,219,968	\$ 6,784,955	\$ 6,733,419	\$ 5,820,203
Other local sources	3,462,052	3,319,606	3,312,670	2,379,858	2,861,661
Total local sources	12,864,920	10,539,574	10,097,625	9,113,277	8,681,864
Interdistrict sources					
Special education	290,921	246,821	243,947	437,838	485,237
Total interdistrict sources	290,921	246,821	243,947	437,838	485,237
State sources	30,163,683	31,334,341	31,586,795	28,901,300	27,167,991
Federal sources	1,089,164	913,361	860,516	758,084	738,082
Total revenues	44,408,688	43,034,097	42,788,883	39,210,499	37,073,174
Other financing sources	720,300	7,300,000	-	-	570,944
Total revenues and other financing sources	\$ 45,128,988	\$ 50,334,097	\$ 42,788,883	\$ 39,210,499	\$ 37,644,118

Note:

Interfund transfers have been eliminated in the Government-Wide Revenues and Other Financing Sources by Source.

GRAND BLANC COMMUNITY SCHOOLS  
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	2003-04	2002-03	2001-02	2000-01	1999-00
Expenditures					
Instruction					
Basic programs	\$ 25,034,059	\$ 23,844,637	\$ 20,237,544	\$ 19,039,549	\$ 17,731,884
Added needs	6,339,268	5,046,185	4,828,109	4,474,480	4,031,010
Adult education	45,699	46,081	44,142	39,556	39,556
Total instruction	31,419,026	28,936,903	25,109,795	23,553,585	21,802,450
Supporting services					
Pupil services	2,294,912	1,723,388	1,396,880	1,345,186	1,358,513
Instructional staff	2,305,431	2,327,897	1,786,631	1,720,074	1,602,738
General administration	639,249	777,522	991,516	896,510	669,334
School administration	3,101,549	2,531,410	2,336,644	2,270,191	2,218,168
Business services	515,813	761,908	737,716	645,215	667,863
Operation and maintenance	6,202,321	5,243,444	4,854,699	4,706,877	4,248,060
Pupil transportation	2,229,728	2,091,911	1,793,946	1,775,919	1,482,656
Central services	1,017,489	555,036	2,925,851	3,809,941	2,879,574
Total supporting services	18,306,492	16,012,516	16,823,883	17,169,913	15,126,906
Community services	496,691	466,337	567,178	481,208	466,851
Capital outlay	2,201,610	3,102,866	3,466,855	4,443,176	3,019,455
Debt service	768,133	605,347	251,563	171,003	140,722
Total expenditures	53,191,952	49,123,969	46,219,274	45,818,885	40,556,384
Other financing uses	588,774	590,329	670,494	322,823	579,128
Total expenditures and other financing uses	<u>\$ 53,780,726</u>	<u>\$ 49,714,298</u>	<u>\$ 46,889,768</u>	<u>\$ 46,141,708</u>	<u>\$ 41,135,512</u>
Official student enrollment	7,211	6,721	6,449	6,260	5,927
Expenditures per student	\$ 7,458	\$ 7,397	\$ 7,271	\$ 7,371	\$ 6,940

Note: employee benefits are included in functional expenses. Debt service costs are reported separately.

For fiscal years prior to June 30, 1995, Community Services expenditures were included in General Fund.

Beginning with 1993-94, Social Security and Medicare taxes are paid by the District and recorded in expenditures. Prior to 1993-94 those expenditures were paid by the State of Michigan and were not included in the District's financial statements.

GRAND BLANC COMMUNITY SCHOOLS  
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	(continued)				
	1998-99	1997-98	1996-97	1995-96	1994-95
Expenditures					
Instruction					
Basic programs	\$ 17,437,506	\$ 16,785,724	\$ 16,614,049	\$ 16,230,485	\$ 15,387,568
Added needs	3,719,471	3,514,861	3,474,804	2,998,289	2,978,243
Adult education	-	404	6,230	305,310	281,527
Total instruction	<u>21,156,977</u>	<u>20,300,989</u>	<u>20,095,083</u>	<u>19,534,084</u>	<u>18,647,338</u>
Supporting services					
Pupil services	1,187,709	1,225,321	1,122,154	1,085,985	1,065,320
Instructional staff	1,444,386	1,371,773	1,506,218	1,073,997	817,664
General administration	632,028	792,472	773,279	738,159	987,041
School administration	2,090,305	2,055,556	2,031,432	1,817,797	1,746,126
Business services	686,548	670,398	579,345	641,386	537,116
Operation and maintenance	4,113,046	3,929,997	3,878,958	3,647,804	3,420,302
Pupil transportation	1,689,540	1,620,126	1,717,540	1,499,713	1,417,472
Central services	2,369,706	2,578,928	2,279,027	1,897,431	1,172,486
Total supporting services	<u>14,213,268</u>	<u>14,244,571</u>	<u>13,887,953</u>	<u>12,402,272</u>	<u>11,163,527</u>
Community services	<u>446,399</u>	<u>463,520</u>	<u>442,968</u>	<u>217,460</u>	<u>180,087</u>
Capital outlay	<u>4,303,484</u>	<u>2,837,422</u>	<u>2,337,787</u>	<u>3,046,725</u>	<u>1,880,085</u>
Debt service	<u>194,180</u>	<u>207,929</u>	<u>202,719</u>	<u>228,611</u>	
Total expenditures	40,314,308	38,054,431	36,966,510	35,429,152	31,871,037
Other financing uses	<u>1,865,183</u>	<u>728,086</u>	<u>3,118,783</u>	<u>856,697</u>	<u>551,252</u>
Total expenditures and other financing uses	<u>\$ 42,179,491</u>	<u>\$ 38,782,517</u>	<u>\$ 40,085,293</u>	<u>\$ 36,285,849</u>	<u>\$ 32,422,289</u>
Official student enrollment	5,891	5,789	5,729	5,784	5,653
Expenditures per student	\$ 7,160	\$ 6,699	\$ 6,997	\$ 6,273	\$ 5,735

Note: employee benefits are included in functional expenses. Debt service costs are reported separately.

For fiscal years prior to June 30, 1995, Community Services expenditures were included in General Fund.

Beginning with 1993-94, Social Security and Medicare taxes are paid by the District and recorded in expenditures. Prior to 1993-94 those expenditures were paid by the State of Michigan and were not included in the District's financial statements.

GRAND BLANC COMMUNITY SCHOOLS  
EXPENDITURES AND OTHER FINANCING USES BY FUNCTION GOVERNMENT-WIDE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	2003-04	2002-03	2001-02	2000-01	1999-00
Expenditures					
Instruction					
Basic programs	\$ 25,094,136	\$ 23,844,637	\$ 20,251,344	\$ 19,042,354	\$ 17,785,855
Added needs	6,343,294	5,055,185	4,842,291	4,475,820	4,143,438
Adult education	45,699	46,081	44,142	47,894	-
Total instruction	<u>31,483,129</u>	<u>28,945,903</u>	<u>25,137,777</u>	<u>23,566,067</u>	<u>21,929,293</u>
Supporting services					
Pupil services	2,294,912	1,771,474	1,402,680	1,345,984	1,358,513
Instructional staff	2,386,938	2,426,595	1,890,872	1,780,779	1,423,035
General administration	639,249	777,522	991,516	896,510	669,334
School administration	3,101,548	2,531,410	2,336,644	2,270,192	2,218,168
Business services	860,262	1,855,361	1,961,302	1,087,153	1,685,551
Operation and maintenance	7,275,177	6,701,072	6,212,137	7,069,689	5,586,772
Pupil transportation	2,622,986	2,486,300	2,188,654	2,602,776	2,060,817
Central services	1,170,008	555,036	3,184,477	4,547,528	2,947,085
Other supporting services	3,675,845	3,250,663	3,277,288	3,221,876	3,391,722
Total supporting services	<u>24,026,925</u>	<u>22,355,433</u>	<u>23,445,570</u>	<u>24,822,486</u>	<u>21,340,997</u>
Community services	<u>516,798</u>	<u>467,949</u>	<u>567,178</u>	<u>481,208</u>	<u>466,193</u>
Capital projects	<u>5,937,424</u>	<u>17,105,931</u>	<u>3,123,356</u>	<u>1,487,197</u>	<u>5,065,514</u>
Debt service	<u>2,503,212</u>	<u>2,881,662</u>	<u>3,612,911</u>	<u>1,908,738</u>	<u>1,816,537</u>
Total expenditures	<u>64,467,488</u>	<u>71,756,878</u>	<u>55,886,792</u>	<u>52,265,696</u>	<u>50,618,534</u>
Other financing uses	<u>842,653</u>	<u>695,950</u>	<u>99,119</u>	<u>9,581</u>	<u>64,286</u>
Total expenditures and other financing uses	<u>\$ 65,310,141</u>	<u>\$ 72,452,828</u>	<u>\$ 55,985,911</u>	<u>\$ 52,275,277</u>	<u>\$ 50,682,819</u>
Official student enrollment	7,211	6,721	6,449	6,260	5,927
Expenditures per student	\$ 9,057	\$ 10,780	\$ 8,681	\$ 8,351	\$ 8,551

Note:

Interfund transfers have been eliminated in the Government-Wide Expenditures and Other Financing Sources by Function.

GRAND BLANC COMMUNITY SCHOOLS  
EXPENDITURES AND OTHER FINANCING USES BY FUNCTION GOVERNMENT-WIDE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	(continued)				
	1998-99	1997-98	1996-97	1995-96	1994-95
Expenditures					
Instruction					
Basic programs	\$ 17,464,386	\$ 16,823,273	\$ 16,614,049	\$ 16,230,485	\$ 15,387,568
Added needs	3,809,046	3,561,809	3,474,804	2,998,289	2,978,243
Adult education	-	-	6,230	305,310	281,527
Total instruction	<u>21,273,432</u>	<u>20,385,082</u>	<u>20,095,083</u>	<u>19,534,084</u>	<u>18,647,338</u>
Supporting services					
Pupil services	1,187,708	959,622	1,122,154	1,085,985	1,065,320
Instructional staff	1,535,663	1,437,174	1,506,218	1,073,997	817,664
General administration	632,027	792,960	773,279	738,159	987,041
School administration	2,090,302	2,055,555	2,031,432	1,817,797	1,746,126
Business services	2,701,816	2,516,553	579,345	641,386	537,116
Operation and maintenance	5,787,060	4,949,951	3,878,958	3,647,804	3,420,302
Pupil transportation	2,291,209	2,461,671	1,717,540	1,499,713	1,417,472
Central services	2,399,330	2,643,711	2,279,027	1,897,431	1,172,486
Other supporting services	2,589,272	1,705,343	2,213,475	2,538,492	2,396,345
Total supporting services	<u>21,214,387</u>	<u>19,522,540</u>	<u>16,101,428</u>	<u>14,940,764</u>	<u>13,559,872</u>
Community services	<u>447,388</u>	<u>473,293</u>	<u>442,968</u>	<u>217,460</u>	<u>180,087</u>
Capital projects	<u>5,882,069</u>	<u>421,989</u>	<u>3,282,868</u>	<u>3,376,730</u>	<u>2,818,998</u>
Debt service	<u>1,928,526</u>	<u>572,050</u>	<u>922,949</u>	<u>381,931</u>	<u>381,931</u>
Total expenditures	50,745,802	41,374,954	40,845,296	38,450,969	35,588,226
Other financing uses	<u>1,453,575</u>	<u>292,972</u>	<u>2,860,810</u>	<u>549,995</u>	<u>149,628</u>
Total expenditures and other financing uses	<u>\$ 52,199,377</u>	<u>\$ 41,667,926</u>	<u>\$ 43,706,106</u>	<u>\$ 39,000,964</u>	<u>\$ 35,737,854</u>
Official student enrollment	5,891	5,789	5,729	5,784	5,653
Expenditures per student	\$ 8,861	\$ 7,198	\$ 7,629	\$ 6,743	\$ 6,322

Note:

Interfund transfers have been eliminated in the Government-Wide Expenditures and Other Financing Sources by Function.



GRAND BLANC COMMUNITY SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2003-04	\$ 13,023,819	\$ 12,982,631	99.68%	1,349	12,983,980	99.69%		0.00%
2002-03	\$ 12,446,032	\$ 12,446,032	100.00%	\$ -	\$ 12,446,032	100.00%	-	0.00%
2001-02	10,756,083	10,756,083	100.00%	-	10,756,083	100.00%	-	0.00%
2000-01	10,510,280	10,510,280	100.00%	-	10,510,280	100.00%	-	0.00%
1999-00	10,192,292	10,192,292	100.00%	-	10,192,292	100.00%	-	0.00%
1998-99	9,402,868	9,402,868	100.00%	-	9,402,868	100.00%	-	0.00%
1997-98	7,149,372	7,149,372	100.00%	-	7,149,372	100.00%	-	0.00%
1996-97	6,901,440	6,901,440	100.00%	60,725	6,962,165	100.88%	-	0.00%
1995-96	6,190,225	6,183,034	99.88%	10,429	6,193,463	100.05%	60,725	0.98%
1994-95	5,819,663	5,799,795	99.66%	24,083	5,823,878	100.07%	63,963	1.10%

Note: Taxable levy adjusted to collections. Amounts not collected from additional levy are not material.

GRAND BLANC COMMUNITY SCHOOLS  
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Grand Blanc															
Grand Blanc Community Schools															
Fiscal Year	Operating (Mills)	Debt (Mills)	Building and Site Sinking (Mills)	Total School District (Mills)	Genesee Intermediate School District (Mills)	State Education (Mills)	Genesee County (Mills)	City of Grand Blanc (Mills)	City of Burton (Mills)	Atlas Township (Mills)	Grand Blanc Township (Mills)	Mundy Township (Mills)	Oakland County (Mills)	Holly Township (Mills)	Mott Community College (Mills)
2003-04	17.6344	1.8000	0.9779	20.4123	3.5469	5.0000	6.495	13.1352	6.7938	2.7864	5.4618	4.5640	4.6497	4.1251	2.7466
2002-03	17.7480	1.8000	0.9872	20.5352	3.5673	6.0000	6.5284	13.1436	7.3190	2.7059	5.5237	4.5640	4.6523	2.5000	2.828
2001-02	18.0000	1.8000	0.9923	20.7923	3.5835	6.0000	6.5600	13.2436	7.4421	2.7059	5.5737	4.5640	4.6438	1.0000	2.8672
2000-01	17.8311	1.8000	1.0000	20.6311	3.5894	6.0000	6.5600	13.1436	7.6612	2.7512	5.6986	4.5640	4.4276	1.0000	1.8694
1999-00	18.0000	**	1.8000	20.7925	3.5894	6.0000	6.5600	13.1461	7.7932	2.8047	6.0692	6.8222	4.6522	1.0000	1.8694
1998-99	18.0000	**	1.8000	20.8000	3.6032	6.0000	8.2618	13.1500	7.9038	2.8481	6.2387	6.8222	4.8180	2.5000	1.8745
1997-98	18.0000	**	-	19.0000	3.6032	6.0000	8.2618	13.1500	8.3546	1.8879	6.4275	6.8222	4.8180	2.5000	1.8745
1996-97	18.0000	**	0.2500	19.2500	3.6032	6.0000	8.1300	13.1500	8.3600	1.8200	6.4600	6.8200	4.8500	2.5000	1.8745
1995-96	18.0000	**	0.2500	19.2500	3.6032	6.0000	7.7618	12.1500	8.6100	1.8200	6.8500	6.9100	4.9500	3.5800	1.8745
1994-95	18.0000	**	0.2500	19.2500	3.6032	6.0000	7.7618	12.4500	8.6100	1.8200	7.0200	6.9600	4.9500	2.4300	1.8745

\*\* Millage limitation for school districts within the State of Michigan

GRAND BLANC COMMUNITY SCHOOLS  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Fiscal Year		Real Property		Personal Property		Total	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003-04	Non-homestead	\$ 508,774,387	\$ 1,017,548,774	\$ 125,196,180	\$ 250,392,360	\$ 633,970,567	\$ 1,267,941,134
	Homestead	949,841,271	1,899,682,542		-	\$ 949,841,271	1,899,682,542
	Total	1,458,615,658	2,917,231,316	125,196,180	250,392,360	1,583,811,838	3,167,623,676
2002-03	Non-homestead	\$ 493,864,604	\$ 987,729,208	\$ 125,218,580	\$ 250,437,160	\$ 619,083,184	\$ 1,238,166,368
	Homestead	864,297,445	1,728,594,890		-	\$ 864,297,445	1,728,594,890
	Total	1,358,162,049	2,716,324,098	125,218,580	250,437,160	1,483,380,629	2,966,761,258
2001-02	Non-homestead	\$ 493,864,604	\$ 987,729,208	\$ 125,676,040	\$ 251,352,080	\$ 619,540,644	\$ 1,239,081,288
	Homestead	737,811,865	1,475,623,730		-	\$ 737,811,865	1,475,623,730
	Total	1,231,676,469	2,463,352,938	125,676,040	251,352,080	1,357,352,509	2,714,705,018
2000-01	Non-homestead	\$ 297,773,935	\$ 595,547,870	\$ 120,218,930	\$ 240,437,860	\$ 417,992,865	\$ 835,985,730
	Homestead	708,544,790	1,417,089,580		-	\$ 708,544,790	1,417,089,580
	Total	1,006,318,725	2,012,637,450	120,218,930	240,437,860	1,126,537,655	2,253,075,310
1999-00	Non-homestead	\$ 379,694,240	\$ 759,388,480	\$ 126,648,200	\$ 253,296,400	\$ 506,342,440	\$ 1,012,684,880
	Homestead	597,073,540	1,194,147,080		-	597,073,540	1,194,147,080
	Total	976,767,780	1,953,535,560	126,648,200	253,296,400	1,103,415,980	2,206,831,960
1998-99	Non-homestead	305,094,449	610,188,898	115,973,470	231,946,940	421,067,919	842,135,838
	Homestead	597,073,540	1,194,147,080		-	597,073,540	1,194,147,080
	Total	902,167,989	1,804,335,978	115,973,470	231,946,940	1,018,141,459	2,036,282,918
1997-98	Non-homestead	238,467,595	476,935,190	108,684,800	217,369,600	347,152,395	694,304,790
	Homestead	553,476,591	1,106,953,182		-	553,476,591	1,106,953,182
	Total	791,944,186	1,583,888,372	108,684,800	217,369,600	900,628,986	1,801,257,972
1996-97	Non-homestead	231,416,998	462,833,996	94,028,002	188,056,004	325,445,000	650,890,000
	Homestead	509,299,149	1,018,598,298		-	509,299,149	1,018,598,298
	Total	740,716,147	1,481,432,294	94,028,002	188,056,004	834,744,149	1,669,488,298
1995-96	Non-homestead	210,103,374	420,206,748	80,408,929	160,817,858	290,512,303	581,024,606
	Homestead	478,289,743	956,579,486		-	478,289,743	956,579,486
	Total	688,393,117	1,376,786,234	80,408,929	160,817,858	768,802,046	1,537,604,092
1994-95	Non-homestead	214,726,310	429,452,620	70,947,900	141,895,800	285,674,210	571,348,420
	Homestead	449,720,802	899,441,604		-	449,720,802	899,441,604
	Total	664,447,112	1,328,894,224	70,947,900	141,895,800	735,395,012	1,470,790,024

GRAND BLANC COMMUNITY SCHOOLS  
PROPERTY VALUE AND CONSTRUCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Annual Construction					
	Property Value		Residential		Nonresidential	
	Real	Personal	Number of Units	Value	Number of Units	Value
2003-04	\$ 2,917,231,316	\$ 250,392,360	441	\$ 78,641,572	48	\$ 10,488,437
2002-03	\$ 2,665,181,560	\$ 250,379,956	470	\$ 71,009,400	28	\$ 15,863,400
2001-02	2,463,352,938	251,352,080	476	106,366,009	60	52,948,124
2000-01	2,012,637,450	240,437,860	419	75,707,000	29	15,200,000
1999-00	1,953,535,560	253,296,400	525	63,148,309	20	21,772,824
1998-99	1,804,335,978	231,946,940	441	57,622,887	23	23,564,359
1997-98	1,583,888,372	217,369,600	342	37,580,771	24	44,596,058
1996-97	1,481,432,294	188,056,004	194	22,674,259	28	85,450,416
1995-96	1,376,786,234	160,817,858	151	18,543,712	196	9,904,887
1994-95	1,328,894,224	141,895,800	102	10,744,088	132	3,104,884

Source: US Census Bureau - Manufacturing and Construction Division for all residential and non-residential construction data through 1995-96. Non-residential construction information obtained from appropriate municipalities or US Census Bureau in subsequent years.

GRAND BLANC COMMUNITY SCHOOLS  
PRINCIPAL TAXPAYERS  
JUNE 30, 2004  
(UNAUDITED)

<u>Principal Taxpayers</u>	<u>Product/Service</u>	<u>Assessed Valuations</u>	
		<u>Total</u>	<u>Percent of Total</u>
General Motors Corp. - Metal Fabricating Division	Automotive components	\$ 47,987,836	3.30
Vemco	Manufacturing	20,636,200	1.42
Consumers Energy	Utility	20,614,727	1.42
General Motors Corp. - Service Parts Operations	Administration / auto parts	19,290,900	1.33
Edward Rose Associates	Apartments	16,113,100	1.11
Auker Associates	Real estate development	11,229,813	0.77
Genesys Health Systems	Health industry	10,088,900	0.69
Knollwood	Apartments	9,533,000	0.66
Ring Screw / Titan Fasteners	Metal fasteners	7,118,300	0.49
Grand Blanc Processing	Manufacturing	6,349,260	0.44
PM Maple Limited Part.	Apartments	5,664,700	0.39
Subtotal		174,626,736	12.02
All others		1,280,677,457	87.98
Totals		<u>\$ 1,455,304,193</u>	<u>100.00</u>

Source: Grand Blanc Township Assessor

GRAND BLANC COMMUNITY SCHOOLS  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Population (Estimated)	Assessed Valuation	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2003-04	44,000	\$ 1,583,811,838	\$ 106,180,000	\$ 737,434	\$ 105,442,566	6.66%	\$ 2,396
2002-03	40,200	\$ 1,483,380,629	\$ 17,725,000	\$ 567,678	\$ 17,157,322	1.16%	\$ 427
2001-02	39,800	1,357,352,509	20,540,000	951,407	19,588,593	1.44%	492
2000-01	39,400	1,126,537,655	2,475,000	706,237	1,768,763	0.16%	45
1999-00	36,042	1,103,415,980	4,225,000	446,430	3,778,570	0.34%	105
1998-99	35,874	1,018,141,459	5,785,000	227,117	5,557,883	0.55%	155
1997-98	35,790	900,628,986	7,300,000	280,014	7,019,986	0.78%	196
1996-97	35,705	834,744,149	299,000	530,198	-	0.00%	-
1995-96	35,621	768,802,046	649,000	858,097	-	0.00%	-
1994-95	35,537	735,395,012	969,000	956,773	12,227	0.00%	-

GRAND BLANC COMMUNITY SCHOOLS  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2004  
(UNAUDITED)

Assessed Value (2003)	<u>\$ 1,583,811,838</u>	
Statutory bonding limit - 15% of state equalized value		\$ 237,571,776
Debt outstanding	\$ 106,180,000	
Less:		
Amount available in Debt Service Funds	<u>737,434</u>	
Total debt applicable to debt limit		<u>105,442,566</u>
Legal Debt Margin		<u>\$ 132,129,210</u>

GRAND BLANC COMMUNITY SCHOOLS  
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT  
JUNE 30, 2004  
(UNAUDITED)

<u>Direct Debt</u>	<u>Debt Outstanding</u>	<u>Percent Applicable to School District</u>	<u>Amount Applicable to School District</u>	<u>Debt Principal Per Capita (Pop 44,000)</u>	<u>Percent of STV (A)</u>
General obligation bonds	\$ 106,180,000	100.00%	\$ 106,180,000	\$ 2,413	6.70%
Less: amount available in Debt Service Funds	<u>737,434</u>	100.00%	<u>737,434</u>	<u>17</u>	<u>0.05%</u>
Total direct debt	<u>105,442,566</u>	100.00%	<u>105,442,566</u>	<u>2,396</u>	<u>6.65%</u>
<u>Overlapping Debt (B)</u>					
City of Burton	14,025,000	9.80%	1,273,470	29	0.08%
City of Grand Blanc	5,300,000	100.00%	5,300,000	120	0.33%
Atlas Township	484,000	1.19%	5,760	0	0.00%
Grand Blanc Township	-	0.00%	-	0	0.00%
Mundy Township	-	0.00%	-	0	0.00%
Genesee County	45,952,772	15.18%	6,975,631	159	0.44%
Oakland County	73,460,291	0.00%	-	0	0.00%
Genesee Intermediate School District	-	14.47%	-	0	0.00%
Mott Community College	<u>53,065,000</u>	14.47%	<u>7,678,506</u>	<u>175</u>	<u>0.48%</u>
Total overlapping debt	<u>192,287,063</u>		<u>21,233,367</u>	<u>483</u>	<u>0.85%</u>
Total direct and overlapping debt	<u>\$ 297,729,629</u>		<u>\$ 126,675,933</u>	<u>\$ 2,879</u>	<u>7.50%</u>

(A) - 2003 State Taxable Value (STV) equal to \$1,583,811,838

(B) - Overlapping debt amounts provided by the Municipal Advisory Council of Michigan



GRAND BLANC COMMUNITY SCHOOLS  
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT  
TO TOTAL GENERAL FUND EXPENDITURES AND FINANCING USES  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Debt Service Funds				Total Expenditures and Uses General Fund	Ratio Debt Service to General Fund Expenditures and Uses
	Principal	Interest	Other	Total		
2003-04	\$ 1,650,000	\$ 853,212	\$ 450	\$ 2,503,662	\$ 53,707,916	4.66%
2002-03	\$ 1,965,000	\$ 916,212	\$ 450	\$ 2,881,662	\$ 49,714,298	5.80%
2001-02	\$ 2,785,000	\$ 481,875	\$ 129,756	\$ 3,396,631	\$ 46,889,768	7.24%
2000-01	1,750,000	158,438	300	1,908,738	46,141,708	4.14%
1999-00	1,560,000	237,218	300	1,797,518	41,135,512	4.37%
1998-99	1,515,000	347,255	300	1,862,555	42,179,491	4.42%
1997-98	299,000	22,000	50	321,050	38,782,517	0.83%
1996-97	350,000	48,500	224,449	622,949	40,085,293	1.55%
1995-96	320,000	75,000	394	395,394	36,285,849	1.09%
1994-95	280,000	101,500	431	381,931	32,422,289	1.18%

Grand Blanc Community Schools  
Insurance Coverage Data  
June 30, 2004

Coverage on Buildings, Contents and Property in the Open is written on an "All-Risk" basis for a blanket amount based on a statement of values. Amount of insurance is on an agreed amount basis with a \$10,000 deductible with the coinsurance clause waived annually upon the filing of the statement of values and is based on 90% replacement cost.

<u>Location and/or Item Covered</u>	<u>Buildings</u>	<u>Equipment</u>
High School	\$ 34,133,591	\$ 2,737,708
Middle School	18,754,745	1,457,217
Bus Garage, R-12500 Holly Road	387,875	433,722
Maintenance Garage	64,092	25,925
Perry Center Building	9,155,546	591,299
Perry storage shed	1,734	-
McGrath Elementary, 5288 Todd Street	10,157,267	590,581
Anderson Elementary, 5290 Leroy Street	4,285,918	415,573
Brendel Elementary, 223 Bush Street	6,315,682	545,977
Cook Elementary, 4433 E. Cook Road	4,630,601	593,869
Indian Hill Elementary, 11240 Woodbridge Drive	6,815,342	568,866
Myers Elementary & addition, 6085 Sun Valley Drive	5,601,876	735,591
Reid Elementary, 2103 East Reid Road	6,580,090	641,479
Mason Elementary 4437 E. Cook Road	9,414,000	510,750
Paul Madison Administration Building	553,125	679,507
Salt shed and Garage	6,620	-
Community Field - Playground and outside equipment	128,500	746,686
Batchelor Field - Outside equipment	55,958	187,901
Maintenance Shop	92,228	56,123
Baseball Field	20,370	9,404
	<u>117,155,160</u>	<u>11,528,178</u>
Total Real & Personal Property (Excluding Floater Policies)		<u>\$ 128,683,338</u>
<u>Automobile Insurance</u>		
Bodily injury liability	\$ 5,000,000 each occurrence	
Statutory no-fault coverages	Included	
Uninsured motorist	\$ 1,000,000 each person	
	\$ 1,000,000 each accident	
Comprehensive (\$ 1,000 deductible)	All vehicles	
Collision with \$ 1,000 deductible	All vehicles	
<u>Comprehensive General Liability</u>		
Broad form coverage including personal injury coverages	\$ 5,000,000 each occurrence	
<u>Excess Liability Insurance</u>		
Excess over General, Auto, School Board Liability and Employers' Liability	\$ 5,000,000 aggregate	
<u>Workers' Compensation Insurance</u>	Statutory requirements	

Statements of Values for various types of property insurance are compiled and filed with the insurance underwriters each year so as to keep the amount of protection in line with the values of properties owned.

GRAND BLANC COMMUNITY SCHOOLS  
SUMMARY OF OWNED BUILDINGS AND SITES  
JUNE 30, 2004  
(UNAUDITED)

Building	Year of Construction or Purchase	Number of Stories	Square Footage	Acreage	Number of Classrooms	Number of Students
Instructional						
Elementary Schools						
Anderson	1966	1	39,939	10.0	19	462
Cook	1966	1	39,939	10.0	19	472
Indian Hill	1964	1	58,452	9.5	12	438
Mason	2002	1	72,326	20.0	18	448
McGrath	1955	1	103,000	20.0	31	453
Myers	1956	1	52,415	18.0	19	528
Reid	1964	1	66,536	12.0	20	476
Middle School						
Brendel Campus	1959	1	58,053	17.0	22	566
Main Campus	1975	2	160,000	58.0	60	1,168
High School						
Grand Blanc	1963	2	332,546	99.0	64	2,147
Ezra W. Perry Center	1924	3	94,635	2.0	23	155
Total Instruction			<u>1,077,841</u>	<u>275.5</u>	<u>307</u>	<u>7,313</u>
Non-Instruction						
Administration Building	1970	1	4,425	1.0		
Pupil Transportation Building	1963	1	10,880	3.0		
Riverbend West Property	1970			11.9		
Reid Road Property	1998			37.3		
Total Non-Instruction			<u>15,305</u>	<u>53.2</u>		

GRAND BLANC COMMUNITY SCHOOLS  
ENROLLMENT STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Fiscal Year</u>	<u>Total</u>	<u>Teaching Staff</u>	<u>Ratio Pupils to Teaching Staff</u>
2003-04	7,313	396	18.47
2002-03	6,789	376	18.06
2001-02	6,449	364	17.72
2000-01	6,260	362	17.29
1999-00	5,927	357	16.60
1998-99	5,891	349	16.88
1997-98	5,789	335	17.28
1996-97	5,729	327	17.52
1995-96	5,784	321	18.02
1994-95	5,653	306	18.47
1993-94	5,596	287	19.50
1992-93	5,493	297	18.49

Note: Enrollment statistics based on full-time equivalents

GRAND BLANC COMMUNITY SCHOOLS  
DEMOGRAPHIC STATISTICS - GRAND BLANC  
LAST TEN CALENDAR YEARS  
(UNAUDITED)

<u>Calendar Year</u>	<u>Number of Households</u>	<u>Population (Estimate)</u>	<u>Per Capita Income (Estimate)</u>	<u>Unemployment Rate (Estimate)</u>
2003	18,803	44,000	\$27,555	7.3%
2002	17,486	40,000	\$26,753	6.0%
2001	15,581	39,794	25,974	4.2%
2000	15,427	39,400	25,217	3.5%
1999	13,786	36,042	24,412	2.5%
1998	13,648	35,874	23,733	2.7%
1997	13,579	35,790	23,384	2.4%
1996	13,510	35,705	23,148	2.8%
1995	13,404	35,621	25,493	3.1%
1994	13,294	35,537	23,508	3.6%
1993	13,184	35,453	20,506	4.4%

Note: Current data for number of households and population estimates source: The Flint Journal department of Marketing and Statistics. Per Capita Income source: Bureau of Economic Analysis Local Area Account Data. 2001 Per Capita Income based on 2000 data adjusted for inflation. Unemployment Rate source: Michigan Department of Career Development Employment Service Agency.